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21 August 1989

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General

Diplomat Rejects Criticism on Quelling Rebellion

OW1808180989 Beijing XINHUA in English
1737 GMT 18 Aug 89

[Text] Geneva, August 18 (XINHUA)—A Chinese diplomat on Friday rejected criticism for quelling the rebellion that took place in Beijing in June and said that it was the internal affairs in which no foreign country or international organization has the right to intervene.

Yu Zhizhong, Chinese observer at the United Nations Subcommission on Prevention of Discrimination and Protection of Minorities, said that the rioters engaged in beating, smashing, looting, burning and killing and that what they had done had nothing to do with the protection of human rights.

"It is precisely for the purpose of safeguarding human rights and fundamental freedoms of the vast majority of the Chinese people that the government took actions to put an end to the disturbance, quell the rebellion and bring to justice, in accordance with the law, the few criminals who had severely undermined the social order and attempted to overthrow the constitutional government," he said.

He made the remarks in response to criticism from some Western countries and non-governmental organizations at the UN subcommission that China violated human rights by what they called the suppression of the democracy movement.

After giving an official account of what had happened in Beijing mid-April to early June, Mr Yu asserted that the disturbance was a rebellion aimed at overthrowing the constitutional government and changing China's social system, instead of a peaceful demonstration or simply a case of students' criticizing the government.

He denied that the troops had killed hundreds, even thousands, of students at Tiananmen Square. He reiterated that not a single person was killed by the troops or run over by military vehicles in the early morning of June 4, when the troops cleared up the square.

"It is sheer fabrication to assert that the square was bathed in blood," he stressed.

Mr Yu told the subcommission that the Chinese Government attaches importance to human rights and has always and will actively support the efforts by the United Nations to promote human rights and fundamental freedoms.

Foreign Military Heads Send Army Day Greetings

OW2008112289 Shanghai City Service in Mandarin
0900 GMT 19 Aug 89

[From the "News and Weather" program]

[Text] According to a XINHUA dispatch from Beijing [date not given], military leaders of Thailand, Pakistan, Bangladesh, Korea, and the Soviet Union recently sent cables or letters to General Qin Jiwei, Chinese defense minister; General Chi Haotian, chief of the general staff of the Chinese People's Liberation Army [PLA]; and General Yang Baibing, director of the PLA General Political Department, extending congratulations on the 62th founding anniversary of the Chinese PLA.

Official Confident of Asian Games Participation

OW1808192489 Beijing XINHUA in English
1332 GMT 18 Aug 89

[Text] Beijing, August 18 (XINHUA)—Shaykh Fahd al-Ahmad al-Sabah, president of the Olympic Council of Asia (OCA), said he believed that all the OCA member countries and regions will take part in the 11th Asian Games to be held in Beijing in September next year.

Any scheme to sabotage the games will not succeed, Fahd said.

The OCA chief was speaking at his talks with He Zhenliang, president of the Chinese Olympic Committee (COC), here today.

The Chinese sports official said that the Chinese people and Government are offering full support to make the games a gala of solidarity, friendship and progress of the area.

Fahd said that he was fully confident of China's capability of staging the games well although some people were suspicious of this.

He called for more efforts on the publicity of the games preparations and the achievement in Asian sports so as to encourage Asian athletes.

He Zhenliang, who is also vice chairman of the games' organizing committee, agreed with the proposal, saying the Asians are superior in such sports as diving, archery, table tennis, weightlifting and judo and they should unite still better to improve the Asian sports standard as a whole.

On the future cooperation between the OCA and COC, He Zhenliang said that to contribute to the Asian sports, China would like to accept trainees from other Asian countries and regions, as well as to send its own coaches and athletes to compete abroad.

Fahd, a Kuwait native, also exchanged ideas with Chinese officials on the bilateral sports exchange between Kuwait and China and on ways to make Asia more influential in international sports organizations.

Fahd and his entourage arrived here on Thursday for inspecting facilities for the Asian games and attending the Asian handball championships starting here on Sunday.

U.S. Troops in ROK 'Against Global Trend'

HK2108081189 Beijing LIAOWANG in Chinese
No 32, 7 Aug 89 p 41

["Exclusive Report" by contributing correspondent Zhang Jinfang (1728 6930 5364): "Retention of U.S. Troops in South Korea Goes Against Global Trend"]

[Text] Pyongyang—The U.S. and ROK [Republic of Korea] defense secretaries recently held their 21st security consultation meeting in Washington. In a joint statement issued at the meeting the United States reiterated that its 43,000-strong armed forces will remain in South Korea. This U.S. position shows that U.S. troops will stay put in South Korea and thereby obstruct the peaceful process characterized by North-South dialogue in Korea.

It has been 44 years since the United States dispatched its troops to South Korea. During this period it has taken part in a war of aggression against Korea and played a very important role in creating the permanent division of Korea into north and south. During the war, the number of U.S. troops in South Korea once rose to as many as 300,000 men. When the truce was declared, a "Mutual Defense Treaty" was concluded between the U.S. and ROK authorities to allow for the continued presence of U.S. troops in South Korea. For a very long time U.S. forces were maintained at a strength of 70,000. During Nixon's term the United States withdrew one infantry division from South Korea but has retained a force of 40,000 men to this day.

The presence of U.S. troops in South Korea has been criticized by influential people around the world, including in the United States and South Korea. In particular, the stationing of U.S. troops has greatly offended the nationalist sentiments of the South Korean people. Many South Koreans denounced the United States for occupying foreign land in order to advance its own interests, supporting South Korea's dictatorial regime, and for transforming their country into a U.S. political and military vassal state. In recent times, questions were again raised by people in the United States about the wisdom of maintaining a strong military force in South Korea. They claim that this costs \$2.6 billion annually, a staggering amount which constitutes a heavy burden on the U.S. defense budget. In June this year, six U.S. congressmen presented the Senate with a resolution asking that U.S. ground troops based in South Korea be reduced by 10,000 men. Some congressmen even called for the withdrawal of 33,000 U.S. soldiers from South

Korea within the next 5 years. Others proposed a readjustment of the South Korea-based U.S. military forces, formulation of a new "strategy for northeast Asia", withdrawal of nuclear weapons and of the partial forces deployed in South Korea, and the turnover of the command of South Korea's "National Army" to South Korea. This clamor for reduction of South Korea-based U.S. troops prompted the U.S. Government to reassert its position.

The United States stressed that the deployment of U.S. forces in South Korea is based on global strategic and tactical considerations. It is part of its Pacific strategy and chain to protect its interest in the Asia-Pacific region. While the United States and the Soviet Union are engaged in detente on the Western front, Europe, the United States is unlikely to withdraw its forces from South Korea as long as no explicit changes take place on the Eastern front, Asia. U.S. Secretary of Defense Cheney has already indicated that the defense department has no plans to reduce U.S. troops based in South Korea. In a meeting with South Korea's defense secretary on 21 July, President Bush stressed that the United States will observe the bilateral "Mutual Defense Treaty" and that it has no intention of reducing U.S. forces in South Korea at this stage.

The U.S. military presence has always been regarded by the South Korean authorities as their very own security umbrella which they seek to use to maintain "stability", preserve their rule in South Korea, and back themselves in their confrontation with the North. Aside from cutting down on its military expenditures, the maintenance of U.S. troops is also a favorable factor in the economic development in South Korea. For political and economic reasons the South Korean authorities are firmly opposed to the reduction or withdrawal of U.S. troops. At the 21st security consultation meeting South Korea agreed to U.S. demands that it share in shouldering defense expenditures in order to keep U.S. troops on its territory. It consented to increase its share of the U.S. troops' "defense expenditure," which will cost \$300 million in 1990, and to invest \$400 million annually from 1989 to 1991 for "increased operational expenditure for joint defense". This amount will go up to \$500 million in 1992.

Both the United States and South Korea claim that the retention of U.S. troops is intended to "check invasion from the North". They charged the North with stepping up military strength and "posing a threat" to South Korea. However, the case is not so in the North. The North has repeatedly stated that it has no intention "of invading the South" and has proposed the peaceful reunification of the North and South. As a gesture of peace and sincerity the North has unilaterally reduced its People's Army by 100,000 men. On the other hand, the strong military force maintained by both the United States and South Korea serves as a constant reminder of the unstable factor in the Korean Peninsula. Every year, the United States and South Korea hold a joint military exercise, dubbed "Team Spirit" and described as the

biggest in the Western world, which disrupts the peaceful process of North-South dialogue in Korea. Moreover, the United States deploys a considerable amount of nuclear weapons and modern conventional arms in South Korea. It is also carrying out a plan to upgrade the weapons of the U.S. troops based in South Korea and to modernize the arms and installations of the South Korean Army. Even though the United States and South Korea have also appealed for North-South dialogue, the actual steps they have taken toward military confrontation cannot but arouse alarm over the future of the Korean Peninsula.

All the Korean people in the North and South would like to see an end to the existing military standoff and to construct a peaceful and reunified country. The North has come up with more than 200 peace proposals including suggestions for the withdrawal of U.S. troops from South Korea and the establishment of a Korean Democratic Federal Republic. A year ago, the North presented the South with a draft "Joint Declaration on Mutual Non-Aggression" calling for the mutual denunciation of the use of force and invasion by the other side, peaceful resolution of differences through dialogue and consultation, massive disarmament by both sides, and the gradual phaseout of foreign troops. President Kim Il-sung announced last September that neither the South nor the North will swallow the other side and that the two existing systems will be preserved to enable the two autonomous governments to unite and realize reunification of the country. These rational programs and proposals are consistent with the global trend toward detente and represent the fundamental interests of the people in the North and South. Their implementation will bring about bright prospects for peace and reunification in Korea. The continued presence of U.S. troops in South Korea can only be an obstacle to the peaceful resolution of the Korean question. It is contrary to the global trend and to the fundamental interests of the American and Korean people.

Rail Barter Trade Accord With USSR, Mongolia
HK2008032289 Beijing RENMIN RIBAO in Chinese
14 Aug 89 p 2

[Report by Ao Teng (0277 7506) and Yuan Ruilun 0626 3843 0243]: "Railway Bureaus of China, Soviet Union, Mongolia Sign Barter Trade Agreement"]

[Text] Hohhot 13 Aug—The second regular meeting of railway bureaus of China, the Soviet Union and Mongolia on cooperation in barter trade, technology, and labor services was held in Hohhot between 4 and 11 August. Daoergi [6670 1422 1015], head of China's Hohhot Railway Bureau Delegation, Jiemishike [2212 4717 0087 0344], head of the Soviet East-West Siberia Railway Bureau delegation, and Baolede [0545 0519 1795], head of Mongolia's Ulaanbaatar Railway Bureau delegation, initialled a tripartite contract and accord on barter trade on the afternoon of 11 August.

The barter trade between the railway bureaus of the three countries, which began toward the end of last year, has extended mutual understanding, promoted friendship, and accomplished mutual compensation, each supplying what the other needs, as well as common progress. With the joint efforts of the railway bureaus of the three countries, barter trade by railway along the border has developed rather quickly, with a transaction volume in terms of 3 million Swiss Francs.

United States & Canada

Document Details U.S. Link to Students
HK1908010989 Hong Kong SOUTH CHINA
MORNING POST in English 19 Aug 89 pp 1, 8

[By Fanny Wong]

[Text] China has accused the United States of direct involvement in the student movement that rocked the hierarchy of the Beijing Government.

The attack was contained in a special document prepared in Hong Kong by the general office of the Hong Kong and Macao Working Committee of the Chinese Communist Party—the party organ that looks after local affairs.

The document, labelled "top secret", has been approved for circulation by the director of the local branch of the NEW CHINA NEWS AGENCY, Mr Xu Jiatun, who is in Beijing this week.

The circular is dated July 16 and bore a directive from Mr Xu which read: "Please let the organisation section read this thoroughly. This is very good educational material, and I would suggest that after rewriting, it ('document') be widely known to all party cadres."

The document, entitled "Partial Truth and the Strategic Intentions of American Instigation in Support of Inland Turmoil," was distributed among local left-wing members from July 28.

It is divided into two parts. That first deals with a narrative of how the U.S. collects information about suppression of the "counterrevolutionary rebellion" in Beijing, and the second section details recent U.S. activities relating to China.

In the first section, it lists the following activities:

—Collecting at all costs information about the turmoil (in Beijing) and political development throughout the country. It claims that U.S. officials in China were instructed by Washington that in several major cities, at least two or three "foreign" teachers be recruited to collect information.

—Members of American organisations stationed in China directly took part in the task. For four weeks, the document said, members of the U.S. Embassy kept contact with student organisers of the demonstrations.

Members of the Committee of Sino-American Cultural Exchanges had repeatedly invited those instigating students from Beijing University, People's University and the Beijing Foreign Language Institute to seminars so as to influence them, the document claims.

Several American students studying in the 12 tertiary institutes are also accused of instigating trouble.

It claims American students went to the Qinghua University to declare: "America supports the Chinese students movement...you should form your own organisation. Only then could you worry the Chinese Government."

The document also says that several American journalists stationed in Beijing had kept in close touch with members of the Beijing Universities Students' Union. Journalists of an American-based news agency and an American magazine had promised student leader Wuer Kaixi that, if necessary, Washington would offer him protection and provide him with facilities to study in the U.S.

(Mr Wuer Kaixi was last night granted admission to Harvard University.)

—Washington also utilised Chinese students in the U.S. to conduct a series of activities.

Since the "student turmoil", the International Studies Centre at the Newton City, Massachusetts, has provided four long-distance telephone lines for the exclusive use of Boston-based Chinese students "free".

Since May 18 (shortly after Prime Minister Li Peng's declaration of the need to impose martial law), Chinese students of leading colleges like Harvard University and Massachusetts Institute of Technology kept in constant contact with counterparts in Japan and Western Europe, as well as Beijing, it says.

At the same time, they also utilised the facsimile machine of a Chinese-language newspaper in San Francisco to send copies of articles to some 20 cities, including Beijing, Shanghai and Nanjing, to instigate riots.

—Such "counter-revolutionary groups" as the American-backed China Democratic League took part in the turmoil. The League responded as soon as the student movement started. A joint letter organised by the League openly called for the abolition of the "four cardinal principles", the document says.

The league also colluded with certain pro-Taiwan elements and organisations in the formation of "The Committee To Support China Democratic Movement" and

kept close contact with top members of reactionary student movements, such as Mr Wang Dan and Mr Wuer Kaixi, the document alleges.

They worked out the strategy for them and provided economic assistance and propaganda material.

Mr Liu Xiaobo (now in detention in Beijing) of the Democratic League had also given Mr Wuer Kaixi several thousand American dollars and openly declared that the funds were for overthrowing the communist regime.

And the organisation of Purdue University in the U.S. had gone to the extent of trying to instigate "total strikes, stoppage of the market, and a school boycott" so as to paralyse the (Chinese) Government, the document alleges.

—(The United States) had tried to organise armed counter-revolutionary groups in China. A certain China-study group in the U.S. had submitted a report in May declaring that the Chinese democratic movement was a part of the world democratic movement, and suggested that the 50 million migrant population in the country would be the motivating force in opposing socialism.

The report urged that the U.S. be prepared, at the appropriate time, to provide arms and organise armed anti-government forces for this migrant population.

In the second part of the document, the directive dwelt on long-term plans by the U.S. to alter the Chinese system through peaceful means.

It said since a proposition in the 1950s by then Secretary of State John Foster Dulles, the U.S. had accelerated promotion of "changes" in socialist countries.

President Richard Nixon had advocated that only by encouraging internal changes in the Soviet bloc could peace be realised.

He also advocated that the "economic force and ideological concept would be the determining force".

Such a strategy has not been dismissed by the Reagan administration nor the Bush administration, the document says.

It is the view of the U.S., the document goes on, that Washington has failed in its policies of military encirclement or economic embargo.

The only strategy that would work was to promote peaceful change in the light of China's open policy. Only through spiritual infiltration by means of economic and cultural exchange could China move on the path of liberalisation.

The document also spells out what the American strategy might be:

To nurture pro-American forces. As most of China's current leadership had studied in the Soviet Union, the U.S. should now cultivate those "American specialists" who are pro-America and who understand U.S. policies. Some American officials have said openly that there should be a long-term perspective when inviting Chinese to visit the U.S.

To achieve this long-term strategy, the U.S. has not only promoted study of the United States in the various Chinese universities, but also invited annually to the U.S. about 100 Chinese personnel who have an influence on decision-making in China. Special attention was to be paid to certain incumbent power-holders or younger people with such potential.

At the same time, since the establishment of Sino-American relations, the U.S. has sent more than 100 professors to China, scattered in some 20 key universities. This was in addition to an average of 20 emeritus professors.

The document says it is the view of American officials that such a move will have a key effect on spreading American civilisation, propagating American culture and promoting democratisation in China.

Nurturing a pro-American element among the Chinese is a long-term strategy, the document says.

Former President Ronald Reagan once said: "We have to regard Chinese students as a long-term strategic investment."

The document said when Mr Reagan heard that China planned to send 6,500 students and scholars to the U.S., he said it would be better if the U.S. could accept 65,000.

The document says that the importance the U.S. attached to the Chinese is two-fold.

First, as many of the students are children of important leaders in China, it is important to establish personal links with them in the hope that they would one day take up important positions.

Secondly, the U.S. hoped to educate Chinese students to have a better understanding of America and its democratic and liberal thinking so that when they (the Chinese students) become the main players in Chinese society, "it would be easier to gradually, lead China to capitalism".

The third method is to instigate Chinese students to "defect".

—To promote "human rights diplomacy". Citing the case of Czechoslovakia and the dissident Soviet professor Anatoly Sakharov, the U.S. is now supporting such personnel as the dissident astrophysicist Fang Lizhi.

This indicates that "human rights diplomacy" has become an important strategy in America's policy towards the Soviet Union, China and other socialist countries, the document says.

—To influence and educate those regarded as future leaders of China. The U.S. has paid much interest to the so-called training and exchange "centres" in Dalian, Nanjing, Beijing and Guangzhou.

—Religion is yet another tool to nurture "the new people".

The document notes that various American missionaries have sent people in the guise of teachers, businessmen, medical practitioners and technicians to conduct clandestine religious activities.

Through education, the document goes on, the groups propagate religious concepts, mass psychology and religious worship, the objective being to cultivate young converts.

—The document says the U.S. is also attempting to change the political system through developing the country's economic technology.

Finally, the document notes that the U.S. had benefited through 20 years of Sino-Soviet confrontation. This is no longer true and the U.S. will have to readjust its policy towards China/ social system of China. [sentence as published] document concludes, would be to make China more dependent on Washington. [sentence as published] And through economic and technological co-operation, the U.S. hopes to dilute the ideological differences between the two countries so as to eventually change the social system of China.

Ambassador Han Xu Departs Washington 19 Aug
OW2008002689 Beijing XINHUA in English
0008 GMT 20 Aug 89

[Text] Washington, August 19 (XINHUA)—Chinese Ambassador to the United States Han Xu left here Friday for home upon completion of his tenure of office.

Before his departure, U.S. Vice President Dan Quayle, Assistant to the President on National Security Affairs Brent Scowcroft, Secretary of State James Baker and other senior U.S. Government officials as well as leaders of the Congress met with him on separate occasions.

Han took up the post of ambassador to the United States in May 1985.

Sichuan Firm To Make McDonnell-Douglas Parts
OW2108114789 Beijing XINHUA in English
0601 GMT 21 Aug 89

[Text] Beijing, August 21 (XINHUA)—The Chengdu Aircraft Industry Company, a defense industry installation, has completed preparations to undertake subcontract production of MD-80/90 aircraft noses, the "LIBERATION ARMY DAILY" reported today.

The Chengdu company and the McDonnell-Douglas Aircraft Company of the United States signed a contract to that effect in July 1988. The first aircraft nose is scheduled to come off the production line in February 1991.

With a three-decade history of producing military aircraft, the Chengdu company began to seek international co-operation in 1986.

It has raised funds through non-governmental channels to construct and overhaul 20 workshops, install new facilities and train personnel.

At present, most of the blueprints and other data have been handed over by McDonnell-Douglas to the Chengdu company and the first batch of materials shipped to Shanghai. Also, technical advisors from McDonnell-Douglas have been dispatched to the Chengdu company.

Possible Wheat Purchase Affects Canadian Prices
OW1908002589 Beijing XINHUA in English
2332 GMT 18 Aug 89

[Text] Ottawa, August 18 (XINHUA)—A talk that Canada is negotiating to sell China 2 million metric tons of wheat has affected prices for wheat futures on the Chicago Board of Trade, CANADIAN FINANCIAL POST said today.

The newspaper said that China's possible purchase of wheat is one of the elements that caused wheat futures prices on the Chicago Board of Trade to record losses of 1.5 U.S. cents to 4 U.S. cents to 4.12 U.S. dollars per bushel yesterday.

Canadian trade sources confirmed that a Chinese delegation is currently in Winnipeg, Canada.

Analysts said the downward pressure on the wheat prices came from the lack of fresh export demand and Canadian efforts to sell China wheat have pushed the prices lower.

Soviet Union

Soviet Foreign Affairs Delegation in Changchun
SK1808133989 Changchun Jilin Provincial Service
in Mandarin 2100 GMT 17 Aug 89

[Text] At the invitation of our province, a six-member delegation from the Ministry of Foreign Affairs of the Russian Soviet Federated Socialist Republic [RSFSR] led by (Vladimir Vinogradov), minister of foreign affairs of the RSFSR, arrived in Changchun to begin its friendly visit on the evening of 16 August.

Vice Governor Liu Xilin, and Li Jieche, director of the provincial Foreign Affairs Office, made a special trip to the railway station to greet the delegation.

Governor Wang Zhongyu met with the delegation at Nanhu Hotel. Both sides held talks amid a warm and friendly atmosphere.

Minister (Vinogradov) passed on an invitation letter to Governor Wang Zhongyu from the chairman of the RSFSR Council of Ministers. Governor Wang Zhongyu accepted the invitation cheerfully and said that he will visit the RSFSR at a proper time.

Also present at the meeting were Liu Xilin, vice provincial governor, Li Jieche, director of the provincial Foreign Affairs Office, and Zhang Fengshan, chairman of the provincial Commission of Foreign Economic Relations and Trade, and responsible persons from departments concerned.

After the meeting, both sides held talks and deeply discussed the issues of further expanding economic and trade cooperation, and developing contacts between Jilin Province and the RSFSR.

On the afternoon of 17 August, accompanied by Director Li Jieche, the delegation went to the People's Square to lay flowers at the Soviet Red Army Memorial Tower.

Harbin-Khabarovsk Air Service Scheduled
SK2008114789 Harbin Heilongjiang Provincial
Service in Mandarin 0900 GMT 18 Aug 89

[Text] There will be air service between Harbin and the Soviet Union's Khabarovsk starting late September. The Soviet civil aviation delegation headed by (Sigitseva), chief of the East Far Administration of Civil Aviation, and the provincial civil aviation administration held a signing ceremony on the evening of 17 August. Both parties decided that offices shall be set up respectively in Harbin and Khabarovsk and each side shall provide an international airport. The Chinese side shall provide Shenyang Taoxian Airport and the Soviet side shall provide the (Vladivostok Airport of Communist Youth League).

Harbin Rebuilt Soviet Fishing Vessel Sails
*SK2008115389 Harbin Heilongjiang Provincial
Service in Mandarin 0900 GMT 18 Aug 89*

[Excerpt] At 0930 this morning, a Chinese girl and a Soviet girl jointly opened a bottle of champagne at the stern of a vessel, and the 777-M-8418 oceangoing cold-storage fishing vessel slowly sailed out of the dock of the Harbin ship reconstruction plant and sailed to Songhua Jiang. The vessel, with a seating capacity of 24 sailors and 1,000 tons of goods, was rebuilt according to a contract signed between Harbin foreign trade company and the Soviet Union's Khabarovsk regional fishery consumption cooperative last September. [passage omitted]

Northeast Asia

Vice President Wang Fets Japanese Visitors
*OW1908082289 Beijing XINHUA in English
0751 GMT 19 Aug 89*

[Text] Beijing, August 19 (XINHUA)—Chinese Vice-President Wang Zhen met and feted Tokuma Utsunomiya, president of the Japan-China Friendship Association, and his party here today in the Great Hall of the People.

Wang, also honorary president of the China-Japan Friendship Association, extended congratulations to Utsunomiya who has been awarded "Honorary Doctorate of Law" by Beijing University and said that this famed university has trained a lot of people for China since 1949 when the country was founded.

He noted that China has achieved great progress in education, but problems still exist and we are studying ways to overcome them." [no beginning quotation marks, as received]

He asked Utsunomiya to convey, upon his return home, his regards to his old friends in Japan, including Kinkazu Saionji, and tell them that the current political situation in China is stable and welcome them to visit China.

Utsunomiya said that either Japan or China has a long history and the two countries should be friends for ever.

Kazuteru Saionji, who is vice-president of the Tokyo Metropolis Branch of the Japan-China Friendship Association and is also on the current tour of China, said he was happy to see the campus of Beijing University calm when he visited there.

Earlier today, Kang Keqing, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference and president of the Soong Ching Ling Foundation, also met Utsunomiya, who is president of the Soong Ching Ling Foundation in Japan.

Later today, Utsunomiya is to host a banquet here to thank Beijing University which awarded him with the "Honorary Doctorate of Law" and to mark the publication in Beijing of the Chinese edition of his new book "World Peace and Disarmament".

Japanese Cabinet Ministers Visit Yasukuni Shrine
*OW1808200789 Beijing in Japanese to Japan
1430 GMT 16 Aug 89*

[Text] According to a Beijing Radio correspondent in Tokyo, 20 Japanese cabinet members visited the Yasukuni Shrine 2 days before and 2 days after 15 August to mark the 44th anniversary of Japan's surrender in World War II. Of the 20 ministers, 5, including Finance Minister Hashimoto, visited the shrine on 15 August in a public capacity. At a news conference in Oita City on 14 August, Justice Minister Goto declared that it is natural for Japanese to visit the Yasukuni Shrine and said that all cabinet members should visit it.

Meanwhile, right-wing politicians and veterans held a rally at the Shrine yesterday and issued a statement in which history was distorted, and in which imperialist aggressors were defended and beautified. An anti-war and peace organization demonstrated near the Shrine, its participants calling on cabinet members not to visit the shrine. On the other hand, while speaking at the 27th national memorial service for war dead held in Mito Hall in Tokyo, Prime Minister Kaifu said that, keeping the lessons of the war in mind, Japan should make efforts for world peace, cooperation with the international community, and for Japan's prosperity, and stressed that war should not be repeated.

The Massacre [word indistinct] Memorial Hall in Nanjing marked the 4th anniversary of its opening on 15 August. Over the past 4 years, 4 million Chinese and foreigners have visited the hall, including approximately 30,000 Japanese. The hall was built in dedication to the Chinese killed by Japanese troops in the 1937 Nanjing Massacre.

Japanese Delegation Visits Radio Beijing
*OW1808143189 Beijing in Japanese to Japan
0930 GMT 17 Aug 89*

[Text] A five-member delegation from the Sino-Japanese Cultural and Educational Association of Hyogo Prefecture made a special trip this afternoon to Radio Beijing and spent an enjoyable time talking to our staff members.

Prior to visiting us, the members, including Seichi Amada, had visited Harbin, located in the northeastern region of China, and Daqing Oilfield. Without showing signs of exhaustion, they excitedly spoke of their impressions of their trip to China.

Delegation to Mongolia for Book Exhibition
OW1908195289 Beijing XINHUA in English
1515 GMT 19 Aug 89

[Text] Hohhot, August 19 (XINHUA)—A Chinese delegation left for the Mongolian People's Republic today to set up an exhibition of books published in the Mongolian language in China.

The 10-day exhibition is scheduled to open August 21 in Ulaanbaatar, capital of Mongolia.

A total of 2,000 books in eight categories, ranging from politics and history to popular science, will be put on show at the exhibition.

The books have been published by seven Chinese publishing houses.

Southeast Asia & Pacific

Vietnam 'Violation' of Sovereignty Protested
OW1908075389 Beijing XINHUA in English
0716 GMT 19 Aug 89

[Text] Beijing, August 19 (XINHUA)—A Chinese Foreign Ministry spokesman today protested against Vietnam's violation of China's territorial sovereignty.

The spokesman said that recently, the Vietnamese authorities made a decision to establish a comprehensive scientific and technological and economic zone in the submerged reef area of the offshore continental shelf of the Vung Tau-Con Dao specific zone. According to this decision, some structures will even be built on some islands and reefs of China's Nansha Islands, he said.

"This is an act in gross violation of China's territorial sovereignty," the spokesman said.

As is known to all, the Nansha Islands have been part of China's territory since ancient times, and China has indisputable sovereignty over the islands and its adjacent waters, the spokesman said. "Therefore, the Vietnamese authorities' decision mentioned above is illegal and null and void."

Observers to ASEAN Parliamentary Meeting Feted
OW1908175289 Beijing XINHUA in English
1521 GMT 19 Aug 89

[Text] Manila, August 19 (XINHUA)—Philippine Congressman Jose Yap, chairman of the Committee on Defense of the House of Representatives, hosted a dinner here tonight to welcome the Chinese observers' delegation attending the 10th ASEAN Inter-Parliamentary Organization (AIPO) conference.

Philippine Secretary of Justice Sedfrey Ordonez, Congressman Martin Isidro, assistant majority floorleader of the House, as well as other congressmen and prominent figures here attended the dinner which was marked by the kinsman-like friendship between the Philippine and Chinese people.

On behalf of House Speaker Ramon Mitra, Jose Yap extended warm welcome to the Chinese observers' delegation led by Yao Guang to attend the AIPO conference for the first time since it was formally organized in 1977.

Yap expressed thanks to the National People's Congress of China for the hospitality extended to him during his visit to his ancestors' place in Fujian Province, East China, in 1988, and hoped that the friendship and mutual understanding between the Philippines and China would be bettered.

Secretary Ordonez said he is looking forward to attending the "World Peace Through Law" conference to be held in Beijing next April and visiting China to strengthen the friendly ties between the two countries.

In reply, Yao Guang, vice-chairman of the Committee on Foreign Affairs of the National People's Congress (NPC), once again thanked the Philippine congress for inviting China to participate in the AIPO conference as observers.

He particularly conveyed the gratitude to the Philippine congress and Government of NPC Standing Committee Vice-Chairman Ye Fei for the warm reception accorded to him during his visit to the Philippines and especially to his home town in Diaong, Quezon Province, northern Philippines early this year.

Yao Guang expressed the hope that the traditional friendship between the Chinese and Philippine people would last for generation to generation.

During the dinner, the hosts and guests chatted in an amicable and lively atmosphere and wished the AIPO conference next week a success.

Near East & South Asia

Bangladesh Minister Departs for DPRK, PRC
OW2108113789 Beijing XINHUA in English
0557 GMT 21 Aug 89

[Text] Dhaka, August 21 (XINHUA)—Bangladesh Foreign Minister Anisul Islam Mahmud left here today on a week-long official visit to the Democratic People's Republic of Korea (DPRK) and China.

Anisul, who is leading a four-member delegation, is expected to discuss bilateral, regional and international issues of common interest with the leaders of the two countries, according to official sources.

He will visit the DPRK on August 21-23 and China on August 24-27, the sources said.

'News Analysis' on Stance of New Iran President
OW2008142089 Beijing XINHUA in English
2350 GMT 19 Aug 89

["News Analysis: Rafsanjani Set To Keep Hardliners Away From Iran's New Leadership (by Li Hongqi)"]—XINHUA headline]

[Text] Tehran, August 19 (XINHUA)—Hashemi-Rafsanjani's introduction of a new Iranian cabinet to the Majlis (parliament) today may have proven the new president's determination to fend off obstructions from the hardliners to rebuild the war-torn country.

Hashemi-Rafsanjani, who took the oath of office as Iran's fourth president Thursday, excluded 12 ministers serving in Prime Minister Hoseyn Musavi's former cabinet from his proposed appointments in the 22-member new government. Among those dropped from Hashemi-Rafsanjani's list are Musavi, Interior Minister Hojjat ol-Eslam 'Ali Akbar Mohtashemi and Information Minister Hojjat ol-Eslam Mohammadi Reyshahri.

All the three are considered hardliners who are opposed to market-oriented economy and better ties with the West as advocated by the moderate president and Iranian top leader Ali Khamenei.

Before he campaigned for the presidency, Hashemi-Rafsanjani called the coming decade a "decade of reconstruction," and soon after reading the oath before the Majlis deputies Thursday, the new president reiterated that top priority must be given to rebuilding Iran's economy which has been badly hit by the eight-year war with Iraq.

His repeated statements may reflect the desire of most Iranians, the low income earners in particular, who have been complaining about the rocketing inflation, worsening unemployment, slugging production and an explosive population growth.

Meanwhile, the hardliners advocating a centralized economy have lost no chance to warn that new government officials should not be deviated from the path of Imam Khomeini, who had asked the people before his death on June 3 to endure the hardships and not to give up the Islamic ideals.

Pledging not to overstep the Islamic revolutionary ideals, Hashemi-Rafsanjani said that he had to pick up "competent" persons to join his cabinet because "it is not right to safeguard the nation with the hungry, poor people marching forward and giving their lives."

Hashemi-Rafsanjani could not achieve the goal unless he succeeds in forming a united, realistic and competent cabinet, observers here said.

The proposed formation of his cabinet may have proven that the president knows the matter better than others, they said.

But he had to first try his best to win the majority support for his nominees from the Majlis, believed to be dominated by hardliners, with Hojjat ol-Eslam Mahdi Karrubi as the speaker.

The proposed dismissal of Mohtashemi, one of the most powerful radicals in the country, has triggered an uproar among half of the 270 parliamentary deputies, who petitioned that Hashemi-Rafsanjani should keep Mohtashemi, Iran's ambassador to Syria from 1981 to 1985, in the new government.

It is believed that the president would be able to persuade the law-makers to cast confidence votes on most of his nominees. But some of the sensitive posts, like the post of interior minister, will be subjected to debate in the Majlis which will start Sunday.

The appointment of Mohsen Nurbakhsh, a Majlis deputy and former governor of the Central Bank, as the economics and finance minister may show that the new president with enhanced executive power attaches great importance to the role of experts in revitalizing the nation's economy.

But a bright prospect for economic development depends on how firm Hashemi-Rafsanjani and his future cabinet will keep the upper hand over the hardliners and how soon they could start and how far they would go to improve relations with the outside world.

Iran needs foreign help and funds in the process of economic reconstruction, but its ties with the West remain strained. The local newspaper "TEHRAN TIMES" pointed out recently that the new government will have to reassess its foreign policy on account of the interests of the Islamic republic.

"One can not expect an overnight solution to the country's complicated problems. Changes will surely take place gradually," said the observers.

'News Analysis' of Gulf States Role for Peace
OW2108002789 Beijing XINHUA in English
2340 GMT 20 Aug 89

["News Analysis: Gulf States Help Promote Peace (by Li Shixing) —XINHUA headline]

[Text] Kuwait, August 20 (XINHUA)—Thanks to the UN-brokered ceasefire, "the situation is now much better and the Gulf nations have a greater role to play in promoting peace in the Middle East."

These remarks came from a ranking official at the Foreign Ministry of Kuwait in an interview with XINHUA on the first anniversary of the ceasefire in the 8-year war between Iran and Iraq.

The state of no war, no peace continues, as the UN-sponsored peace talks have made little headway. Nevertheless, observers believe that it is unlikely for full-scale fighting to break out again.

With the ceasefire, effective on August 20, 1988, attacks on shipping ended. Once again, oil tankers are able to sail up and down the Gulf without fear of being bombed. Under a protocol signed by seven Gulf nations including Iran and Iraq, work is now under way to clear the vital shipping channel of sunken ships and mines.

Thanks to the ease of tension, the foreign armada in the Gulf has dropped from more than 70 vessels to 35, and Britain declared Friday that it will pull out 1 of its 3 warships from the Gulf in October.

Moreover, the Gulf airlines have resumed direct flights to Iraq and Iran.

Most Gulf states have improved their ties with Iran and Iraq. Some are participating in the post-war reconstruction of the two countries.

Kuwait takes the lead in this regard. An accord has been signed on supplying Kuwait with fresh water from Iraq and integrating the power grids of the two countries.

Kuwait and Iran have upgraded their diplomatic ties to the ambassadorial level, thus ending antagonism during the war when Tehran, accusing Kuwait of backing Iraq, attacked its tankers.

Economic links within the Gulf Cooperation Council [GCC] comprising Saudi Arabia, Kuwait, Qatar, Bahrain, the United Arab Emirates [UAE], and Oman have been strengthened. There is much talk about the need to form an Arab trading bloc to face the challenge posed by other regional groups, such as the European Community.

Some progress has been made. Plans to combine the power networks and coordinate the tariff policies of the GCC countries have been adopted by the GCC ministers.

The Gulf states are trying hard to promote peace and tranquillity in the region. They have urged both Iran and Iraq to show flexibility in their peace talks and provided debt-ridden Jordan with financial aid while helping settle the Lebanese crisis.

At the initiative of the UAE President, an Arab League six-nation ministerial committee was set up in January to mediate a settlement of the Lebanese crisis. As chairman of the panel, Kuwait's foreign minister had

shuttled among Arab capitals including Beirut where, braving artillery fire, he tried to persuade the rival Moslem and Christian factions into agreeing to stop fighting.

In late May, Saudi Arabia picked up the same responsibility along with Morocco and Algeria at the request of the Casablanca Arab summit. The Arab tripartite committee consisting of their heads of state suspended its mediation late last month after failing to arrange a ceasefire, but it is believed that the panel will soon resume its peace mission.

The current escalation of the Lebanese conflict casts a shadow on the Gulf region. The Gulf states fear that the conflict may degenerate into an open confrontation between Iraq and Syria, involving Iranian intervention. It might be possible for the Lebanese civil war to flare up into a war similar to the Iran-Iraq war.

It is generally believed that the Gulf war between Iran and Iraq has ended despite the deadlock in the UN-sponsored peace talks. Although the state of no-war, no-peace will go on, no violations of the ceasefire have been reported by both sides since March this year.

Observers here believe that under such circumstances, the Gulf region will continue to enjoy relative stability in the foreseeable future.

'News Analysis' on Results of Gulf Ceasefire
OW2008150389 Beijing XINHUA in English
1110 GMT 20 Aug 89

["News Analysis: Ceasefire Ushers in Economic Development in Gulf Region (by He Ruoxuan and Wu Yihonguh)"]—XINHUA headline]

[Text] Kuwait, August 20 (XINHUA)—One year after the ceasefire in the eight year Gulf war, share trading has begun to flourish in the Gulf region with governments determined to face new economic challenges in the future.

During the war fought between Iran and Iraq, plans to develop Gulf stock markets stopped dead in their tracks following the 1982 collapse of Kuwait's Suq al-Manakh stock market due to the tension in the region caused by attacks on shipping in the Gulf and to the uncertainty of the Gulf economy as a whole. The stock crash left Kuwait a mountain of debt amounting to 90 billion U.S. dollars.

Last month, the Kuwaiti Government announced completion of the work to handle the aftermath of the crash. According to officials here, a new stock market is being set up to raise funds for the country's construction, which costs 760 million Kuwait dinars (2.57 billion U.S. dollars) alone for the 89-90 fiscal year beginning July 1.

In recent months, Oman and Bahrain have opened trading floors. In Saudi Arabia, share transactions are made through banks. In an interview with the Saudi Arabia's "ARAB NEWS", Abdullah al-Quwaiz, assistant secretary general for economic affairs of the Gulf Cooperation Council (GCC), hinted at the possibility of establishing a unified GCC stock market. "We set our eyes on the future," he said. "A unified stock market will boost investor confidence in GCC economic integration we are striving to achieve in the wake of the war."

This is certainly not the only indicator of economic development that the GCC nations—Saudi Arabia, Kuwait, Oman, Bahrain, the United Arab Emirates (UAE) and Qatar—have experienced since the U.N.-brokered ceasefire became effective today a year ago.

Other indicators are characterized in different countries by steady rise of oil revenues, growth in export trade, economic diversification and improved economic cooperation.

The six nations expect to reap 53 billion U.S. dollars in oil revenue this year, a bit higher than last year. Oil revenues account for two-thirds of the state budget of each of these countries.

New steps are being taken to achieve diversification of their oil-based economies and economic cooperation.

Saudi Arabia, Bahrain, the UAE and Qatar are building gigantic foundries for producing aluminium for which demand is mounting on the world market. They expect to produce one million tons a year by mid-1990s, using electricity generated by natural gas-fueled power plants to power the foundries.

The four countries have huge reserves of natural gas—5,762 billion cubic meters for the UAE, followed by Saudi Arabia (5,159 billion), Qatar (4,437 billion) and Bahrain (195 billion). Thanks to this cheap energy, the cost of producing one ton of aluminium averages only 1,200 dollars in the Gulf region, compared with 1,600 dollars in industrialized nations such as the United States, although the Gulf states have to use alumina, the raw material for producing the metal, from Australia.

Aluminium production is just one gigantic step to diversify the oil-based economy. As a matter of fact, endeavor in this regard has already begun, indicated by the fact that the GCC nations will export a total of 796 million U.S. dollars worth of non-oil goods this year, up from 720 million last year.

Economic diversification to reduce the dependence on crude export is an important factor that ensures the prosperity of the Gulf nations, as the oil boom was already gone in the early 1980s. Going ahead of the other Gulf nations is Saudi Arabia, which saw a 63 percent increase in non-oil export in fiscal 88-89 over the previous fiscal year.

In the area of economic integration, an accord was signed in July by the GCC with the Hydro-Quebec Company of Canada on a 1.26 million project on the feasibility study of building up a unified power grid which, in its first stage, is expected to cover Saudi Arabia, Bahrain, Qatar and Kuwait.

Proceeding from these and other facts, analysts foresee a period of relatively stable economic development for the Gulf region, following a period of relative depression during the war.

Between 1981 and 1987, Saudi Arabia experienced a sharp drop of oil revenue from 113 billion U.S. dollars to 30.9 billion, and the other GCC countries lost 50 percent of their oil income during the same period.

In order to enhance its own defense capabilities, Saudi Arabia spent 40 billion U.S. dollars on the purchase of weapons despite the decrease in national income. The other Gulf states provided Iraq with an enormous amount of financial aid in support of its war effort.

The ceasefire is yet to be consolidated, and the Gulf nations, like Iran and Iraq, are engaged in a post-war arms buildup.

Observers believe that a deliberate resumption of full-scale fighting between Iran and Iraq is unlikely. "The Gulf region will have a bright future so long as peace is maintained," said GCC official al-Quwaiz.

Shanghai Vice Mayor Fetes Pakistani Visitors
OW1908223589 Shanghai City Service in Mandarin
2200 GMT 18 Aug 89

[From the "Morning News"]

[Text] Vice Mayor Liu Zhenyuan met and feted retired Pakistani General (Ikbar) and his wife at Jinjiang Guesthouse on the evening of 18 August. The two sides had a cordial and friendly talk.

(Sun Zong), deputy director of the municipal foreign affairs office, was present on the occasion.

Sub-Saharan Africa

Government Urges South Africa To Change Policy
OW1808094389 Beijing XINHUA in English
0703 GMT 18 Aug 89

[Text] Beijing, August 18 (XINHUA)—China hopes South Africa's new leadership will take practical measures to resolve its country's problems and ease tension in the southern Africa region, a Chinese Foreign Ministry spokesman said here today.

He said this when asked to comment on the resignation of P.W. Botha and F.W. de Klerk's taking office as acting president of South Africa.

The spokesman said China has always held that the South African authorities should get a clear understanding of the situation, conform to historic trends and adopt an enlightened policy to completely eliminate apartheid so that black people can enjoy full equality and democratic rights.

"This is the key to the settlement of the South Africa issue and elimination of the tension in the southern Africa region," he spokesman said. "We hope South Africa's new leadership will clearly understand this and take practical measures."

Song Ping Meets Mozambican MLFP Delegation
OW1908151089 Beijing XINHUA in English
1333 GMT 89

[Text] Beijing, August 19 (XINHUA)—A leader of the Communist Party of China (CPC) said today that a developing country can attain economic growth only in a favorable environment of domestic political stability and unity, and good-neighborly relations with foreign countries.

Song Ping, member of the Political Bureau Standing Committee of the CPC Central Committee, said this while meeting a delegation from the Mozambique Liberation Front Party (MLFP), led by Mariano A. Matsinhe, member of the Political Bureau of the MLFP Central Committee and secretary of the Control Committee.

He said, "My experiences have convinced me that a country, especially a Third World country must base its policies on its actual situations. Only in this way can a country build itself up properly."

With correct policies and endeavors by the people, the development of a country can be very fast, he added.

He told the delegation that it is the fundamental point of China's foreign policy to strengthen unity and cooperation with Third World countries.

Speaking on the southern Africa question, Song Ping said that China firmly supports the efforts made by the African people, especially the southern African people, for the maintenance of peace and stability in southern Africa. "We hope Namibia will attain its independence smoothly," he said, adding that "we resolutely back the South African people in their just struggle against apartheid and for racial equality and democracy."

Matsinhe briefed Song Ping on the situation in southern Africa and Mozambique in particular. He expressed satisfaction at the ever-stronger and growing friendly relations between the two countries.

Trade With African Countries To Expand
OW2108021989 Beijing XINHUA in English
0132 GMT 21 Aug 89

[Text] Beijing, August 21 (XINHUA)—China will expand its foreign trade business with African countries, according to "CHINA DAILY" today.

China is planning domestic market studies to increase the import of African products. It will also strive to meet Africa's demand for Chinese products, the paper reported.

Quoting Liu Hanjie, an official from the Ministry of Foreign Economic Relations and Trade (MOFERT), the paper said China will open up more options in the methods of bilateral trade to further economic cooperation.

He said that during the first 5 months this year, the trade between China and African countries was 9.25 percent more than during the same period last year.

Last year, Sino-African trade totalled more than 1.02 billion U.S. dollars. Of this, China's exports were 800 million U.S. dollars while its imports were 220.7 million U.S. dollars.

North African countries' trade with China accounted for 45 percent of the total trade volume between China and Africa last year. Central and Western African countries shared 37.3 percent, and the percentage with Eastern and Southern African countries was 17.4.

Major African importers from China are Zaire, Egypt, Morocco, Liberia, Libya, and Tunisia. Major exporters to China are Liberia, Zimbabwe, Morocco, Sudan, Tunisia, and Libya.

During the past few years, the commodities traded between China and Africa have been increasing, Liu said.

Despite the fact that Sino-African trade has been developing quickly during the past few years, the trade volume still accounts for only a small percentage of either side's total trade, Liu said.

Last year, Sino-African trade accounted for 1.27 percent of China's total foreign trade. The volume was also only about 1 percent of Africa's total foreign trade.

West Europe

Finnair Resumes Helsinki-Beijing Flights
OW1808152489 Beijing XINHUA in English
1215 GMT 18 Aug 89

[Text] Beijing, August 18 (XINHUA)—The Finnish airline company, Finnair, resumed its flights from Helsinki to Beijing today.

The airline suspended the passenger service June 9.

The Helsinki-Beijing flight, officially inaugurated June 2 last year, connects China with Europe in 7 hours and 50 minutes.

An official at Finnair's Beijing office told XINHUA that the flights were resumed to cater to the growing number of passengers.

Shanghai, Belgian Steel Companies Sign Agreement
OW1808201089 Shanghai City Service in Mandarin
2200 GMT 14 Aug 89

[From the "Morning News" program]

[Text] The Roller Manufacturing Joint Company of the Baoshan Steel Group and the Belgian Roller Manufacturing Company recently signed a letter of intent to jointly produce large cold rollers. In addition to producing rollers of various specifications demanded by China's roller industry, a considerable proportion of the products produced by the joint venture will be exported to the international market through the foreign partner.

East Europe

Li Peng Attends Romanian National Day Reception
OW1908141889 Beijing XINHUA in English
1353 GMT 19 Aug 89

[Text] Beijing, August 19 (XINHUA)—Chinese Premier Li Peng visited the Romanian Embassy here today to express his congratulations on the 45th anniversary of the National Day of the Socialist Republic of Romania.

At a reception hosted by Romanian Ambassador Angelo Miculescu, Li expressed his holiday greetings to the ambassador on behalf of the Chinese Communist Party, the Chinese Government and the Chinese people. He proposed a toast to the happiness of the Romanian people and prosperity for the Socialist Republic of Romania.

Miculescu said there is a protracted and indestructible friendship between the peoples, governments and parties of the two countries.

He told Li: "We have firmly supported your struggle against the sabotage of socialism and will continue to do so in the future."

Present at the reception were Xi Zhongxun, vice-chairman of the Standing Committee of the National People's Congress, Zou Jiahua, state councillor and minister of the machine-building and electronics industry, Qian Zhengying, vice-chairman of the National

Committee of the Chinese People's Political Consultative Conference, Qian Qichen, minister of foreign affairs, and Zhu Liang, head of the International Liaison Department of the Chinese Communist Party Central Committee.

More than 100 diplomats of other countries in Beijing also attended the reception.

Scientific-Technological Accord With Romania
OW1708152389 Beijing XINHUA in English
1358 GMT 17 Aug 89

[Text] Bucharest, August 17 (XINHUA)—China and Romania are ready to boost their scientific-technological cooperation in industry and agriculture.

According to the document signed Thursday, China and Romania will boost their scientific-technological cooperation in the chemical industry, machine-building, metallurgy, light industry, medicine and agriculture.

Cargo Ship Delivered to Poland
OW1908192689 Beijing XINHUA in English
1407 GMT 19 Aug 89

[Text] Shanghai, August 19 (XINHUA)—A handover ceremony was held here this evening for an 18,200 dwt ship built by China for Poland.

The vessel is named after the Polish poet, Voniuszko.

This is the fourth multi-purpose 18,200 dwt cargo ship handed over by the Shanghai branch of China National Machinery Import and Export Corporation and the Chinese-Polish Joint-Stock Shipping Co.

The ship was constructed by Shanghai's Jiangnan shipyard. It is the 2,172nd ship the yard has manufactured since its establishment in 1865.

The Chinese-Polish Joint-Stock Shipping Co., formed in 1951, is the oldest Sino-foreign joint venture.

Latin America & Caribbean

Correction to U.S. Moves in Panama Analyzed

The following correction pertains to the item headlined "XINHUA Analyzes U.S. Moves in Panama," published in the 18 August China DAILY REPORT, page nine. Last paragraph, last sentence make read: ...is doing something inappropriate [bu he shi yi de 0008 0678 2514 1355 4104] by bullying other... (changing "appropriate" to "inappropriate" and adding vernacular and etc's).

Political & Social

Qin Jiwei Among Leaders at Fu Zhong Funeral

Beijing TV Report

OW1908125089 *Beijing Television Service*
in Mandarin 1000 GMT 19 Aug 89

[From the "National News Hookup" Program]

[Text] [Video opens with a long shot of the front of a building where people bearing umbrellas are standing. Video then cuts to huge portrait of Fu Zhong in the center of a stage. Camera zooms to show entire stage and people filing past Fu Zhong, lying in state in front of the stage.] A ceremony to pay last respects to the remains of Comrade Fu Zhong, an outstanding member of the CPC, a time-tested loyal communist fighter, a proletarian revolutionary, an outstanding leader of political work of our Army, former member of the Central Advisory Commission Standing Committee, former deputy director of the General Political Department of the People's Liberation Army [PLA], and former vice chairman of the All-China Federation of Literary and Art Circles, was held in Beijing this afternoon.

[Video shows separate shots of Jiang Zemin, Yang Shangkun, Li Peng, and Wan Li bowing, all wearing black bands around their left arms. Li Xiannian is seen filing past Fu Zhong's remains. Video also shows Qiao Shi shaking hands with a family member of Fu Zhong. Separate shots of Yao Yilin bowing, Song Ping filing past Fu Zhong's remains, Li Ruihuan shaking hands with a family member of Fu Zhong, and Wang Zhen standing while viewing Fu's remains are shown. Video cuts to shots of wreaths whose ribbons identify that they were sent by Jiang Zemin, Deng Xiaoping, Yang Shangkun, Li Peng, Chen Yun, Wan Li, Li Xiannian, Peng Zhen, Deng Yingchao, Xu Xiangqian, Nie Rongzhen, Qiao Shi, and others.]

Jiang Zemin, Yang Shangkun, Li Peng, Wan Li, Li Xiannian, Qiao Shi, Yao Yilin, Song Ping, Li Ruihuan, Wang Zhen and other leading comrades attended the ceremony and sent wreaths.

Others wreaths were sent by Deng Xiaoping, Chen Yun, Peng Zhen, Deng Yingchao, Xu Xiangqian and Nie Rongzhen. Party, government, and military units concerned; the provincial party committee and government of Sichuan Province, Comrade Fu Zhong's native province; and organs of Xuyong County also sent wreaths.

[Video shows photographs of Fu Zhong during his lifetime. Video cuts to shots of wreaths from Fu Zhong's children, then to shots of Qin Jiwei in military uniform, standing to the left of an unidentified man, who then slightly raises his left arm behind Qin Jiwei, giving Qin a gentle push in an apparent gesture for Qin to start moving to file past Fu Zhong's remains. Video cuts to shots of Liu Huaqing and Hong Xuezhi, standing side by side in military uniform,

and separate shots of Chi Haotian, all bowing. More shots of people, including servicemen, filing past Fu Zhong's remains or bowing are shown.] Comrade Fu Zhong was born in Xuyong County, Sichuan Province, on 28 June 1900. In 1920, together with Zhou Enlai, he went to France on a work-study program. In the winter of 1921, he participated in the activities in Paris to prepare for the establishment of Europe-based Young Communists and became a member of the CPC. In 1925 he was secretary of the CPC General Branch in Europe. After returning to China in 1930, he was engaged in the Army's political work for many years, and had been secretary general of the Political Department of the 4th Front Army of the Red Army; political commissar of the Red 12th Division; director of the Political Department of the Chinese People's Anti-Japanese Red Army University and the Anti-Japanese Military and Political University; deputy director of the Political Department of the 8th Route Army; and deputy director of the PLA General Political Department. In 1955 he was accorded the rank of general.

During his revolutionary career of some 70 years, Comrade Fu Zhong and the party had consistently depended on each other for survival. He had lofty qualities, and did not claim credit for himself, monopolize power, or give thoughts to personal gains and losses. When he was hospitalized for treatment during his old age, he was still constantly concerned about party- and Army-building in the course of reform and opening to the outside world, and actively supported the struggle against bourgeois liberalization. He had repeatedly expressed the wish that his old schoolmates and friends in Taiwan would join hands in promoting the motherland's peaceful reunification. [Video ends with long shots of the stage, Fu Zhong lying in state, and the wreaths.]

Beijing Radio Report

OW1908114489 *Beijing Domestic Service in Mandarin*
0930 GMT 19 Aug 89

[From the "National Hookup" program]

[Text] A service to bid farewell to Comrade Fu Zhong, a former Standing Committee member of the Central Advisory Commission and deputy director of the People's Liberation Army General Political Department, was held in Beijing on the afternoon of 19 August.

Comrade Fu Zhong died, after failing to respond to medical treatment, of illness in Beijing at the age of 89 on 28 July.

Party and state leaders Jiang Zemin, Yang Shangkun, Li Peng, Wan Li, Li Xiannian, Qiao Shi, Yao Yilin, Song Ping, Li Ruihuan, and Wang Zhen paid last respects to Comrade Fu Zhong's remains and sent wreaths.

Wreaths were also sent from Comrades Deng Xiaoping, Chen Yun, Peng Zhen, Deng Yingchao, Xu Xiangqian, and Nie Rongzhen.

Comrade Fu Zhong, who went to France in 1920 on a work-study program, was a member of the CPC in its early days. After returning to China, he successively assumed the jobs of political commissar of the 12th Division of the Red Army and deputy director of the Political Department of the Red Fourth Army, and joined the Long March. During the War of Resistance Against Japan, he was the deputy director of the Political Department and director of the Political Department of the Field Army of the Eighth Route Army. In 1955, he was conferred the title of general.

Comrade Fu Zhong was also a delegate to the Seventh and Eighth CPC National Congresses and a Standing Committee member of the Third and Fifth National People's Congresses.

Paying last respects to Comrade Fu Zhong were also leading comrades Tian Jiyun, Li Tieying, Wu Xueqian, Qin Jiwei, Ding Guangen, and Song Renqiong, as well as responsible comrades of all departments and representatives of commanders and fighters of the ground, naval, and air force units stationed in Beijing, totaling some 800.

Xu Xiangqian and Nie Rongzhen sent their staff members to attend the funeral.

At the service, all attendees remembered Comrade Fu Zhong's immortal contributions to the cause of the Chinese people's liberation and socialist construction during his revolutionary career which spanned nearly 7 decades.

Further on Denial of Arrest

HK1908014989 Hong Kong SOUTH CHINA
MORNING POST in English 19 Aug p 8

[By David Chen]

[Text] The Chinese Defence Ministry yesterday said its minister, General Qin Jiwei, was not under arrest.

The ASSOCIATED PRESS news agency reported that General Qin had been taken from his home on Wednesday night by troops loyal to President Yang Shangkun.

The agency said General Qin had gone unwillingly but had not suggested he had been arrested or kidnapped.

The ministry spokesman, who would only give her surname as Li, said yesterday General Qin was with other senior Chinese military officers, though she declined to disclose their whereabouts.

Although sources were generally sceptical that General Qin was out of favour one confirmed the report that there had been some serious quarrels about the lineup in

the Central Military Commission (CMC), following the removal of former party chief Zhao Ziyang, who also held the post of First Vice-Chairman of the Central Military Commission.

However, the sources said the dispute at the series of "group meetings", as they described them, was over President Yang's desire to hold that position.

President Yang, who was elected head of state in 1987, is already a senior figure in the CMC, holding the post of permanent vice-chairman and secretary-general.

Should he obtain Mr Zhao's former post on the commission, it would place him second only to paramount leader Deng Xiaoping in the military hierarchy.

This was vehemently opposed by many military commanders who are already unhappy with the fact that far too many of President Yang's relatives are in top military positions: his cousin, General Yang Baibing, is Political Commissar of the PLA [People's Liberation Army], his son-in-law, General Chi Haotian, is Chief of General Staff, and one of General Yang Baibing's sons is commander of the crack 27th Group Army that carried out the bloody massacre of students on June 3-4.

Sources also discounted reports that three of the seven military regional commanders, Generals Zhang Wannian of Guangzhou, Xiang Shouzhi and Zhou Yibing, had similarly been under custody.

General Zhang, the sources noted, was having lunch with army officers of the Guangzhou region at the time the agency reported he had been arrested.

"I would say that there was some very serious differences of opinion in the military in Beijing," said one military intelligence source. "But it is a totally different matter to say that these officers had in any way lost their freedom."

Diplomats in Beijing also claimed to have no knowledge of any detention of senior military officials.

They also argued that had Mr Yang really placed General Zhang and other generals under custody, this would mean a serious challenge to the authority of Mr Deng, who is also chairman of the Central Military Commission.

However, the analysts agreed that the military situation in Beijing is fluid and it would take some time for "the dust to settle down".

Deng, Jiang Hold 'Important Meetings' in Hebei
OW2008031589 Tokyo KYODO in English
0302 GMT 20 Aug 89

[Text] Beijing, Aug 20 KYODO—Senior leader Deng Xiaoping, Communist Party General Secretary Jiang Zemin and other Chinese leaders have been holding "important" meetings for the past several days in a summer resort in Hebei Province.

This was disclosed by Vice President Wang Zhen in a meeting in Beijing on Saturday with Tokuma Utsunomiya, a member of Japan's House of Councillors, the Japanese legislator said.

Utsunomiya said Wang did not disclose details of the "important" meetings.

Diplomatic sources said, however, that Deng, Jiang and others probably discussed who is to fill the post of first vice chairman of the Central Military Commission previously held by ousted party General Secretary Zhao Ziyang.

Wang denied foreign press reports that Deng has been ill, saying he is swimming at the summer resort every day.

Deng Article Outlines Party Supervision
HK2108140889 Beijing ZHONGGUO XINWEN SHE
in Chinese 1400 GMT 20 Aug 89

[Article by Deng Xiaoping (6772 1420 1627): "The Communist Party Must Accept Supervision"—first paragraph is ZHONGGUO XINWEN SHE introduction]

[Text] Beijing, 20 Aug (ZHONGGUO XINWEN SHE)—"Selections From Deng Xiaoping" [deng xiao ping wen xuan 6772 1420 1627 2429 6693], which continues to be distributed throughout the country today, contains a portion of Deng Xiaoping's report delivered at a Xian party cadre meeting on 8 April 1957. The article, which is of great practical and long-term significance, is entitled "The Communist Party Must Accept Supervision." The following is the full text of the portion of the article contained in the selections.

The party and party members must accept supervision. The Eighth CPC National Congress stresses this issue. Recently, Chairman Mao has particularly stressed a set of rules and regulations governing such supervision. Chairman Mao said: We must put on a rival show because it is better than a one-man show. Ours is a ruling party which enjoys high prestige. A large number of our cadres are in the leading positions. In China, which political party is most liable for committing gross mistakes? It is the Communist Party. The influence of its mistakes is also the most enormous. Therefore, our party must guard against making gross mistakes. The party leadership has been stipulated in our Constitution. To exercise its leadership well, the party must continuously overcome subjectivism, bureaucracy, and sectarianism.

It must accept supervision, and expand the democratic life of the party and state. If we fail to accept supervision or to pay attention to expanding the democratic life of the party and state, we will cut ourselves off from the masses and commit gross mistakes. If we work behind closed doors, or only flaunt our seniority, and blindly think what we have done is correct, and if we fail to humbly listen to the opinions of those nonparty personages, we will likely become ill-informed or consider problems onesidedly. Under such circumstances, we cannot help but commit mistakes. Therefore, Chairman Mao has repeatedly stressed this issue since winning our victory. This shows his foresight and sagacity.

The so-called supervision includes the following three aspects. First, supervision by the party. To Communist Party members, the supervision by the party is the most direct. A stricter demand must be set on the party and the Communist Youth League (CYL). In other words, the party must exercise stricter supervision over party members, as must the CYL exercise stricter supervision over league members. Second, supervision by the masses. Efforts must be made to expand the supervision of the masses over the party and party members. Third, supervision by democratic parties and nonparty democratic personages. Their supervision over the Communist Party and Communist Party members must be expanded. With supervision by different quarters, we will do things more meticulously and become more well-informed. In such a way, we will avoid ideological rigidity and reduce our onesidedness while viewing problems. It is no good for a Communist Party member to be overcautious. It is no good for him to do things too boldly, either. It is, after all, better for him to fear the party, the masses, and democratic parties. It is, after all, better for him to be cautious.

As far as the masses are concerned, we must expand their democracy in various aspects. We must do a good job in convening the meetings of the people's congresses and the Chinese People's Political Consultative Conference (CPPCC). We will be greatly benefited if we can do a good job in convening the meetings of the People's Congress and CPPCC at all levels. The meeting of the CPPCC National Committee recently went well. All participants spoke out freely and put forward many good opinions. Regarding the management of factories, mines, and enterprises, measures must be taken to expand democracy. The recent instructions issued by the central authorities on handling the problem of strikes and classroom boycotts have stressed this issue. We must also do well in convening representative assemblies of workers and staff members, and strengthen their role. This demands that we expand the supervision of the masses in factories, mines, and enterprises. In this regard, the resolutions of the Eighth CPC National Congress only stress one point: the factory director's responsibility system under the leadership of the party committee. Another point that has been stressed by the instructions on handling the problem of strikes and classroom boycotts is the supervision by the masses

under the leadership of the party committee. What we need is the factory director's responsibility system from top to bottom, and the supervision of the masses from below. With supervision by the masses, leading comrades in factories, mines, and enterprises can do their jobs better and more cautiously. If we implement the system of supervision by the masses, we can arouse their enthusiasm and encourage them to put forward many good opinions. I know that administrative leaders in some factories, mines, and enterprises are unable to comprehend this. They think that it is better for them not to be supervised, or to be able to issue orders arbitrarily. It would be more convenient for them to act arbitrarily. Precisely because of the fact that a fairly great number of leading comrades cannot comprehend the issue well, it seems that we must attach greater importance to supervision. Without supervision by the masses, it will be more dangerous for us. Even when we are establishing rural cooperatives, we must also expand democracy and run our cooperatives in a democratic way. Commandism of rural cadres is inseparable from the work style of lacking democracy of leaders at the upper level. When the plan is worked out in such a rigid way, can commandism be avoided? In Shanxi, peasants tell us: "You have exercised too much control over us." In the southern part of Shanxi, local leading organs stipulated that on the fifth day of the eighth month, topping of cotton must be carried out [a method of pruning by removing the apical squares from the fruiting branches of the cotton plant until the desired number is left to develop into healthy bolls]. If the apical squares were not up to the desired size, no topping was allowed. With rulers in hand, cadres went to the cotton field to measure the sizes of the apical squares of the cotton plants. When those peasants followed the order of the rural cadres, the per-mu yield of their cotton plants was 40 jin. And for those who refused to follow the order, the per-mu yield of their cotton plants was 50 jin. How can we call this advanced experience? This means abusing the prestige of the party. Peasants hold no alternative. They thought that they were following the call of the party. If such a thing happens accidentally, the masses can pardon us. Will they do so if it happens all the time? In schools, democratic life must also be expanded. Trade unions of teaching staffs and student unions must play their role. Measures must be taken to ensure that teachers, staff members, and students can fully express their views. Responsible persons of schools must be good at absorbing their opinions. Carrying forward democracy will not impede unified leadership. Does our Army not emphasize centralism? In the past, we fought the war by relying on the democratic life of the Army. Did this affect our unified command? Did this affect our leadership and control? We can do things well only by strengthening the unity between the upper and lower levels. Actually, if the masses participate in something, they can endure the hardships or refrain from complaining even if they encounter difficulties or make mistakes. On the contrary, if commandism is pursued, the masses will not

feel satisfied even though we have done something right for them. Therefore, it is very important to expand democratic life in various quarters, as well as the supervision by the masses.

Chairman Mao has talked about the 16-character principle of "long-term coexistence and mutual supervision," and "letting a hundred flowers blossom and a hundred schools of thought contend" for various democratic parties. I am not going to talk too much about this. What I want to say is that a number of people inside the party do not comprehend it, and fail to understand its usefulness. This 16-character principle has produced profound influence over our country, and has greatly benefited our party and the development of Marxism-Leninism. If we fail to pay attention to this or fail to follow the principle of "letting a hundred flowers blossom and a hundred schools of thought contend," our minds will become rigid and Marxism will decline. Only by following the principle of "letting a hundred flowers blossom and a hundred schools of thought contend" can people express their views and contend with each other. Only thus can we truly develop Marxism and dialectical materialism. Stalin made mistakes in this regard, because he exercised too rigid control over everything, and demanded purity in everything. In the Soviet Union, Marxism once declined. This is also the case with the principle of "long-term coexistence and mutual supervision." It is better for us to have supervision. It is better for all people rather than some people to work out ideas. The Communist Party views problems from one angle. Democratic parties can view problems and work out ideas from another angle. In such a way, more problems can be reflected, and these problems can be handled in a more comprehensive way. This will help us make up our minds, and formulate more suitable guiding principles and policies. Even if mistakes have occurred, we can correct them more easily. Therefore, we must comprehend the 16-character principle.

Did people in some localities not make trouble? Did some people not advocate mass democracy? Some young people think that mass democracy can solve problems. We do not favor mass democracy. To avoid mass democracy, we must have democracy on a small scale [xiao min zhu 1420 3046 0031]. If there is no democracy on a small scale, mass democracy will inevitably occur. When the masses are angry, we must let them vent their anger. The method we employ is that we must find some places so that they can vent their anger, speak out freely, and lodge their complaints. If the opinions of the masses are reasonable, we must accept them, and do things according to their opinions. It is wrong for us not to accept them. Failure to do so means bureaucracy. Some of the opinions are basically reasonable; we must accept and do things according to the reasonable parts of the opinions. When some opinions cannot be accepted, we must explain to them. Some opinions are unreasonable and cannot be accepted. We must conduct ideological work to bring them around. In a word, we must always let the masses express their opinions. Once they have

opinions, they can express them at the meetings of the people's congresses, the CPPCC, representative assemblies of workers, staff members, students and so on, or on various occasions. When they are angry, we must ensure that they can vent their anger. When there is democracy on a small scale, mass democracy will not occur. After the masses vent their anger, the problems can be solved. Will mass democracy occur? Will strikes and classroom boycotts occur? We do not advocate mass democracy, because it is no good. Hungary spent several years in regaining its strength after mass democracy. It is the people who actually suffer. It will take several years for Poland to regain its strength on account of mass democracy. Therefore, we must not pursue mass democracy, and it is not worth pursuing. However, there are truly some severe bureaucrats. Therefore, sometimes trouble cannot be avoided. But it does not matter. When something has happened, we must keep cool. We must be good at facing the masses, relying on them, and doing ideological work for them patiently. In such a way, our problems can be solved.

If we can do as I have mentioned above, our party can exercise leadership, and it will not be overthrown, because we can work together with the masses. We must not adopt a sectarian attitude toward the masses or nonparty personages. We must not adopt bureaucratic attitudes toward the masses, or take subjective attitudes in handling matters. If our party could lead well in the past, it can also lead well in the future. Whether the Communist Party is qualified for such leadership is determined by our party itself. Whether people recognize it or not does not matter. If you are qualified, you can do well in exercising leadership, even without their recognition. If you are not qualified, you cannot do well in leadership even though some people have recognized it. In the final analysis, all things are determined by us. Can the Communist Party lead schools and science? At present, we are not capable enough. According to Chairman Mao, sometimes we can lead, but sometimes we cannot. Political leadership has been stipulated in the Constitution. It is obvious that we can exercise political leadership. But not all Communist Party members can do so. If the Communist Party uses sectarian, subjective, or bureaucratic attitudes to exercise the leadership, we cannot lead well, no matter how we brag about it. If we use a correct method and idea to exercise the leadership, we can lead and unite with the masses well. Regarding a certain branch of learning, of course we have not mastered it. Such being the case, we can unite with the people in the field in the interest of mastering it. In a word, whether the Communist Party is qualified for leadership is determined by the ideas and work style of the party.

As long as the party and party members do not cut themselves off from the masses, and as long as they can accept supervision and learn humbly and carry out ideological and political work, our party can successfully lead the construction of our country, as it did well in leading the revolution and winning the victory in the

past. In a comparatively short period of time, we must learn to carry out our construction and administer our economy, so that we can turn our backward agricultural country into an advanced industrial country.

Jiang Zemin at Meeting on Handling Complaints

Gives Address

OW2108062389 Beijing XINHUA in English
0606 GMT 21 Aug 89

[Text] Beijing, August 21 (XINHUA)—Chinese leader Jiang Zemin has called for improving the work of handling complaints from the general public.

He described this as an important channel for the party and Government to promote democracy, note public sentiments, and maintain close links with the people, major newspapers reported here today.

Jiang, general secretary of the Chinese Communist Party Central Committee, said that in the implementation of the outlines of the 4th Plenum of the 13th party Central Committee, party committees and governments at all levels should improve supervision of the work of handling complaints.

Jiang's instruction was delivered at a meeting attended by officials in charge of complaint handling from 10 provinces and municipalities.

During the 5-day meeting, which closed yesterday, the participants also discussed important instructions handed down by Premier Li Peng and member of the Standing Committee of the Political Bureau of the party Central Committee Qiao Shi.

The meeting stressed that complaint-handling work should stick to the guidelines laid down by the recent plenum of the party Central Committee and instructions of the Chinese leaders. These guidelines include adherence to the four cardinal principles, solving problems at the grassroots level to maintain social order, swift action on complaints of corruption and ensuring the enthusiasm of the people for socialist construction by heeding their criticisms and suggestions.

Other Attendees Noted

OW2108114189 Beijing Domestic Service in Mandarin
0930 GMT 21 Aug 89

[Text] A discussion meeting was held this afternoon between central leaders and the delegates attending the national conference of heads of provincial, autonomous regional, and municipal organization departments. The leaders were Jiang Zemin, Qiao Shi, and Li Ruihuan, members of the Standing Committee of the CPC Central Committee Political Bureau; Ding Guangen, member of the Secretariat of the CPC Central Committee; and Wen

Jiabao, alternate member of the Secretariat of the CPC Central Committee. The discussion meeting dealt with the question of how to strengthen party building.

Jiang Inspects Tool Plant, Asian Games Site
*OW2008032389 Beijing XINHUA Domestic Service
in Chinese 1411 GMT 19 Aug 89*

[By reporters Xu Guangchun (1776 1342 2509) and Zhang Xuanguo (1728 6693 0948)—"Local Broadcast News Service"]

[Text] Beijing, 19 Aug (XINHUA)—Jiang Zemin, general secretary of the CPC Central Committee, inspected the Beijing No 1 Machine Tool Plant and the Asian Games projects on 18 August. He made important speeches during the inspection and discussion with the workers and cadres.

It was still very hot in Beijing yesterday, although it is already early fall. Jiang Zemin, in the company of Li Ximing, secretary of the Beijing municipal party committee, and Beijing Mayor Chen Xitong, arrived at the Beijing No 1 Machine Tool Plant by a van in the morning. The plant, which was built in June 1949, is one of the largest machine tool plants in China. Jiang Zemin had cordial conversations with the workers and cadres, and many workers came forward to shake hands with the general secretary and talk to him while touring the assembly plant, the No 2 Processing Plant, the production workshop of the processing center, and the No 2 Heavy Machine Tool Plant. Many workers, cadres, and technicians gathered at windows and entrances to wave at the general secretary and welcome him with warm applause knowing, that he was visiting the plant. Some workers said: We read the general secretary's speech in newspapers and know he shares our feelings. He spoke what is in our minds. This is why we come out to welcome him. We want to express our appreciation to him.

Jiang Zemin had a discussion with workers and cadres at the machine tool plant after the tour. He took notes and occasionally interrupted the workers with questions when they spoke. When the clock struck noon, Vice Mayor Wu Yi, who chaired the meeting, said: We've run out of time. Let us ask the general secretary to say a few words to us. But Comrade Jiang Zemin insisted on hearing the workers' views first. Later, Comrade Jiang Zemin spoke. He said: In your remarks, many of you mentioned the recent upheaval and rebellion. Beijing bore the brunt of the impact of the upheaval and rebellion, but the Beijing municipal party committee and the municipal government took a firm, clear-cut, and resolute stand to deal with the upheaval and rebellion with the support of party organizations, the people, martial law troops, Armed Police forces, and public security personnel. They thwarted the upheaval, quelled the counterrevolutionary rebellion, and promptly restored the order in the capital after a very hard fight. Their contributions to the stabilization of the situation in the country were enormous.

Jiang Zemin stressed: We should wholeheartedly rely on the working class, especially industrial workers, and bring the role of intellectuals into full play. Party organizations must exercise stronger leadership and intensify their ideological and political work. Practical measures must be taken to put an end to such social problems as unfair distribution. He said: No matter what sort of pressure there might be, our job is, in the final analysis, to boost the economy and do a good job in all fields. We have nothing to fear as long as the situation is stable, the people are united, and the economy is booming. He said: It is true that we have economic difficulties, but we certainly can surmount them as long as the people in the country help each other. We used to stress that individual interests should be subordinate to state interests, partial interests should be subordinate to overall interests, and immediate interests should be subordinate to long-term interests; but we have not talked about this need for years. Now, not only should we readvocate this need, we should put it in action.

Jiang Zemin pointed out that the large and medium-size enterprises must be properly managed and rejuvenated. While the state will support them in achieving this, he said, the enterprises themselves should tap their enormous potential in the areas of improving product designs, upgrading manufacturing technology and product quality, lowering the consumption of raw materials and energy, and speeding up capital circulation.

Comrade Jiang Zemin joined workers in standing in line to buy food and eating their lunches in the mess hall following the discussion. The workers watched with curiosity as the general secretary ate. Some walked up and talked to him. They said pleasantly: It is nice to see you, General Secretary, dining with us.

Comrade Jiang Zemin inspected the the Asian Games projects in the afternoon after visiting the machine tool plant. He visited construction workers and technicians at the work sites and heard reports given by He Zhenliang [0149 2182 2733], Zhang Baifa, and other officials. Comrade Jiang Zemin told the cadres and workers that the Asian Games projects are important projects for the country and that they must be completed qualitatively on time or, better still, ahead of schedule. He said: Holding the Asian Games in China will be helpful for developing China's friendly contacts with other countries as well as for reform and opening up. The Asian Games will also be able to encourage the people to expedite material and spiritual construction. Jiang Zemin finally called on all sectors to work together and make a success of the Asian Games projects and the Asian Games.

CPC Fifth Plenary Session Set for October

Economy, Zhao Lead Agenda

*HK2108021989 Hong Kong SOUTH CHINA
MORNING POST in English 21 Aug 89 pp 1, 8*

[By Willy Wo-lap Lam]

[Text] The Central Committee of the Chinese Communist Party will hold its fifth plenum in October, Chinese sources said yesterday.

The special plenary session, which will be attended by the 175 Central Committee members and 110 alternate members as well as party elders, is expected to primarily focus on the economy and the fate of ousted party General-Secretary Zhao Ziyang.

The plenum is considered by analysts as crucial. While the Chinese Communist Party (CCP) normally holds a Central Committee plenary meeting once a year, the fifth plenum will be convened a bare four months after the fourth, which was called in late June to review the suppression of the pro-democracy movement and sack Mr Zhao.

High on the priority list will be ways and means to slash the budget deficit and to attract foreign capital.

On the political agenda will be further steps to promote ideological control and to enhance the authority of the party.

The "final verdict" on Mr Zhao could also be delivered during the critical conclave.

According to today's edition of the *ECONOMIC REPORTER*, a Chinese-affiliated weekly published in Hong Kong, the Central Committee plenum will discuss four main economic topics.

They include curtailing capital construction and consumption, lowering the budget deficit, rationalising the economic structure and promoting efficiency, and curing the country's chronic imbalance in foreign exchange.

As well, the Central Committee will come up with new ways to attract foreign investment, which has fallen dramatically since the June 4 crackdown on the Tiananmen Square demonstrators.

While the fourth plenum dismissed Mr Zhao from all his party posts and accused him of "splitting" the party and failing to stem the spread of bourgeois liberalisation, it stopped short of instituting criminal proceedings against the liberal leader, noting that "further investigations" into Mr Zhao's participation in the pro-democracy movement would be launched.

In his interview with the Japanese newspaper *YOMIURI SHIMBUN* last week, State Council spokesman Yuan Mu said that criminal charges will be laid against Mr Zhao if it is proved that he provided support to the "counter-revolutionary rebellion".

Chinese sources say that at the October plenum, the party's security specialists will present evidence so far collected against Mr Zhao.

If there is a consensus among Central Committee members that these facts suffice to "prove" Mr Zhao's complicity, criminal charges may be instituted.

"Before the fourth plenum, analysts had assumed that Mr Zhao enjoyed the support of half of Central Committee members," a diplomatic analyst said. "At the June session, however, nobody spoke up in support of Mr Zhao. At the fifth plenum, the Central Committee might well adopt a harsh line against the fallen leader".

Analysts note that it is rare for two plenums of the Central Committee to be held within such a short time.

"The need to call the fifth plenum so soon after the fourth reflects the gravity of the political and economic situation," a political insider in the capital said.

"It also exposes dissension within the party, especially over economic policy. One faction, led by Prime Minister Li Peng and senior Vice-Premier Yao Yilin, wants to re-impose central planning. Another, led by senior cadres along the coast, wants to salvage many of the business policies initiated by Zhao Ziyang."

According to this analyst, the plenum will decide whether the need to slash investment and tighten credit means that all of the reforms begun by Mr Hu Yaobang and Mr Zhao Ziyang in the early 1980s will be shelved.

The plenum is also expected to give the final word on when martial law—imposed on the capital on May 20—will be lifted.

In the past few weeks, hard-liners led by Mr Li Peng have argued that martial law be kept in place until after the Asian Games—scheduled for the autumn of 1990—is over. Reformist-minded cadres, on the other hand, have contended that the early lifting of martial law will help China's economic relations with the West.

As analysts see it, the plenum will be convened against the background of the rapidly declining health of patriarch Deng Xiaoping.

JINGJI DAOBAO Comments

HK2108072989 Hong Kong *JINGJI DAOBAO*
in Chinese No 33, 21 Aug 89 p 11

["Forum of Well-Informed Sources" by Yu You (0060 2589): "Economic Issues Will Be Main Topic of 13th CPC Central Committee 5th Plenary Session Set for October"]

[Text] It has been reported that after the 40th anniversary of the PRC's founding, the 5th Plenary Session of the 13th CPC Central Committee will be held to discuss economic issues.

It is indeed extraordinary for two plenums to be held in 1 year, yet this was expected. The fourth plenum was actually set for May. Because of the disturbance in Beijing it was postponed to June, and the main topic switched to determining the nature of the incident and a

personnel reshuffle. There was not enough time to discuss the question of the domestic economy. Hence, it is necessary to make analyses and study of the economic issues and relevant measures to be adopted.

Viewed from the current situation, although disturbances took place on the mainland, economic development has remained steady and the situation is better than that expected earlier this year. This is manifested in the bumper summer grain harvests, the lack of stagflation in industrial growth despite the slowdown, prices being kept under control, and increases in savings deposits.

However, as repeatedly emphasized by the authorities, without achievements, the public will lose confidence. In addition, the failure to realize the difficulties and economic problems will lead to blind optimism. The fifth plenum, set for October, will be a meeting to seek consensus of views in stressing the difficulties and leading a frugal life. The difficulties are manifested in the following four aspects: First, the question of social general demand exceeding general supply is still serious, investment is out of control, the investment structure is irrational, and there is an excessive demand for consumption; second, financial deficits are continuously increasing; third, the industrial and enterprise setup and product mix are not yet readjusted and the economic efficiency of industry has declined drastically; and fourth, the imbalance in foreign exchange. These deep-seated problems have become prominent recently. It is generally acknowledged that the mistakes have occurred since 1984.

Viewed from another angle, the long-term influence of the 4 April Beijing incident, including the international economic sanctions factor, has not been totally revealed. All this will produce a great impact on China's economy.

The authorities have realized that Deng Xiaoping had good grounds in making the speeches after the quelling of the rebellion, saying that the economic problems may lead to economic turmoil if they are not properly settled. Hence, the economic issue has become very sensitive in China. Under such circumstances, the only option is to explain the problems to the people as early as possible and seek common efforts to tide over the difficulties through plain living and hard struggle. The problem is, following the 10 years of prosperity, what will the people think about the "frugal life" they should lead in the coming years?

CPC Central Committee To Run QIUSHI
OW1908035389 Beijing XINHUA Domestic Service
in Chinese 1203 GMT 18 Aug 89

["Local Broadcast News Service"]

[Text] Beijing, 18 Aug (XINHUA)—The CPC Central Committee recently decided that the party theoretical journal "QIUSHI," which has been run by the CPC

Central Party School at the mandate of the party Central Committee, will be run by the party Central Committee. According to demands by the party Central Committee, "QIUSHI," as a theoretical journal of the CPC Central Committee, will earnestly do a good job in publicizing the policy of regarding economic construction as a central task, upholding the four cardinal principles, and adhering to the policy of reform and opening to the outside world. We currently should carry out the guidelines set by the 4th Plenary Session of the 13th CPC Central Committee and oppose bourgeois liberalization in a clear-cut manner. "QIUSHI" will make efforts to publicize Marxism, actively engage in theoretical explorations and discussions, and play a more important role in cultivating theoretical workers.

Li Peng Confidants Placed in Beijing University
HK1908014689 Hong Kong MING PAO in Chinese
19 Aug 89 p 1

[Report: "Li Peng Confidants Placed in Beijing University To Purge Teachers Who Supported Democracy Movement"]

[Text] According to Beijing sources, the authorities have not explained the 2-month postponement of the new semester at Beijing University and the new requirement that freshmen accept military training for a year before their campus life actually begins. However, informed sources disclosed that the postponement is primarily due to a reshuffle of the university leadership.

According to informed sources, Beijing University President Ding Shisun and party committee Secretary Wang Xuezheng have both been removed from office. Ding Shisun is a famous educator in China, while Wang Xuezheng is a CPC Central Committee alternate member. The fact that their terms of office are due to expire may have something to do with it, but the CPC top echelon has censured them and held them responsible for the campus unrest at Beijing University. At present, the president's office of Beijing University has been taken over by Vice President Wu Shuqing [0702 2885 7230]. Wu is a professor of economics as well as a champion of planned economy, who has won Premier Li Peng's admiration. He has recently published an article criticizing Zhao Ziyang's theory that "privatization is inevitable." The Beijing University party committee secretary's office remains unoccupied, while the office of its deputy secretary has been assigned to Beijing Physical Culture and Sports Commission Director Lin Yanzhi.

Another explanation for the postponement of the new semester at Beijing University is that the teachers' contingent is currently under rectification. During the democracy movement in late May and June, many Beijing University teachers showed their support for the students. The authorities have decided to purge some of them.

In addition, the authorities are worrying about the possibility of another large-scale riot, should Beijing University resume school as scheduled, for the students might start trouble again by taking advantage of the National Day celebrations.

Few patrolling servicemen are now seen in Beijing's streets in daytime, but there has been a sudden increase of traffic police. Beijing citizens and tourists may enter Tiananmen Square with their certificates; however, the number of people entering the Square is under the control of troops imposing martial law.

To create a festive atmosphere for 1 October, Beijing will display fireworks at nine spots on the National Day. Tiananmen Square will be opened to social bodies and organizations when the time comes.

XINHUA on 'Truth' of DAOBAO Case
OW1908023889 Beijing XINHUA Domestic Service
in Chinese 1200 GMT 18 Aug 89

["Local Broadcast News Service"]

[Text] Shanghai, 18 Aug (XINHUA)—Title: The Truth About the Case of SHIJIE JINGJI DAOBAO

[By] Xin Huashi [1823 5478 1395]

By actively advocating bourgeois liberalization, SHIJIE JINGJI DAOBAO (hereinafter referred to as DAOBAO) stirred up public opinion for the recent political storm, which developed from student unrest to turmoil and then to counterrevolutionary rebellion in Beijing. At the beginning of the student unrest, DAOBAO was the first to openly attack the party Central Committee by taking advantage of the newspaper's role in directing public opinion. After the Shanghai Municipal CPC Committee decided to rectify the newspaper, a very small number of people working for the newspaper not only refrained from quickly and completely waking up to their error, but instead deliberately expanded the matter and caused the forces hostile to the Communist Party and socialism to echo each other north and south and to collaborate inside and outside the country. As a result, DAOBAO became a major source of disturbances in Shanghai and functioned as an ear-piercing speaker in the great chorus staged by domestic and overseas reactionary forces aimed at stirring up and supporting turmoil in China.

DAOBAO opposed the four cardinal principles in the guise of so-called "freedom of the press" and "daring to speak the truth," and sought publicity by feigning to be a "victim" of rectification. What it did was extremely deceptive. Because of this, it is necessary to publish the truth about the case of DAOBAO before the public so that everyone can see the essence of the case of DAOBAO and what role in the recent turmoil was really

played by the very small number of individuals among the staff members of DAOBAO who clung stubbornly to bourgeois liberalization and who engaged in political conspiracy.

The Crucial Problem of the Original Issue No 439 of DAOBAO Lies in That It Openly Put Forth the Political Program for the Turmoil

Comrade Hu Yaobang passed away on 15 April. A very small number of antiparty and antisocialist conspirators took advantage of the mourning sentiment of the broad masses of students and other people toward Comrade Hu Yaobang to secretly plot, organize, and arouse political turmoil. Because of their special political sensitivity, a very small number of people working for DAOBAO also took immediate action. Zhang Weiguo, a member of the DAOBAO Editorial Committee and a responsible person of the paper's Beijing office, wrote in his daily work log: "Hu Yaobang's death marks a very favorable turning point—a turning point that can change the present situation." On the same day, Zhang Weiguo contacted Ge Yang, editor in chief of XIN GUANCHANG [NEW OBSERVER], Su Shaozhi, and others to "inquire about the reactions of the public figures concerned." Ge Yang immediately started the rumor: "Yaobang died of anger! Such is the outcome of a reformist!" On 19 April, DAOBAO and XIN GUANCHANG cosponsored a "forum to mourn Comrade Hu Yaobang." Prior to this, Qin Benli, editor in chief of DAOBAO, gave his "instruction" from Shanghai: "The proceedings must have some weight. They should not be a general expression of attitude." The namelist of participants was, of course, based on careful selection.

At the forum, speeches were made by several individuals representative of those upholding bourgeois liberalization. Regardless of the truth, they said in an inciting tone that Yaobang "was given unfair treatment," that his resignation was a big "tragedy" in party history, and that after he passed away, he was not even awarded the title of "great Marxist." They demanded that a "fair appraisal of Yaobang" be made. They openly reversed the verdicts on "eliminating spiritual pollution" and "opposing bourgeois liberalization," alleging that the "antiliberalization movement" was "unpopular," even among the people at the most basic level. Moreover, some people suggested that "fair assessments be made of some movements in 1986," and so forth. When analyzing the situation in the early period of the turmoil, Comrade Li Peng pointed out: "During this period, those creating turmoil put forward a series of programmatic political demands by means of the student unrest. Among these, there were two principal demands: One was to reappraise Comrade Hu Yaobang's merits and demerits and thoroughly negate the way the central authorities handled Comrade Hu Yaobang's resignation in early 1987. The other was to completely negate the fight against bourgeois liberalization and to rehabilitate and exonerate the so-called "wronged citizens" in the

antiliberalization fight. It was precisely this forum sponsored by DAOBAO that focused on presenting for the first time and in clear-cut terms the two political programs mentioned above.

Focusing on the above political demands, these individuals in their speeches openly directed the spearhead at Comrade Deng Xiaoping and the party Central Committee. They vilified Comrade Deng Xiaoping, alleging that he had forgotten the people and divorced himself from them. Furthermore, Yan Jiaqi coerced the party Central Committee by saying: "It is necessary to selflessly admit your own mistakes." "If you do not admit your mistakes, you will immediately follow the old disastrous track." Dai Qing talked profusely about the 70-year history of the Chinese Communist Party and the fate of several general secretaries, alleging that all general secretaries came to no good end and all their fates represented "a replacement of power not in accordance with the established procedure." This hinted that all-out efforts should now be made to "protect" Comrade Zhao Ziyang or, in other words, to "topple Deng and protect Zhao."

At that time, student unrest occurred. At the forum, some individuals did their utmost to incite students and the masses to do more by taking to the streets. They said that "China's cohesive force" exists in Tiananmen Square, and that "China's future and hope" lie in Tiananmen Square. In their capacity as scholars and renowned figures, they added fuel to the fire of student unrest.

As can be seen from the above, this forum provided a platform for those clinging to the bourgeois liberalization stand and those engaged in political conspiracy to launch attacks on the party Central Committee and, at the same time, directed public opinion for the purpose of creating turmoil.

In dealing with this forum, Qin Benli and his company adopted a series of unusual methods: They instructed Zhang Weiguo to collate the details of the speeches made by all speakers and prepared to devote several pages to publishing the full texts of these speeches. A decision was made to print DAOBAO 1 day earlier than normal so as to deliver the paper to Beijing on the day Comrade Hu Yaobang's memorial was to be held. Advance information about the plan for reporting the forum was sent abroad. Accordingly, 2 days before the forum, on 17 April, an overseas paper revealed that DAOBAO would report the essential details of the forum in a special column.

After the Propaganda Department of the Shanghai municipal party committee learned of this from the foreign press, a responsible comrade of the municipal party committee in charge of propaganda work asked Qin Benli to come in for an interview on the afternoon of 21 April and told him that he wanted to see the final proof of the newspaper. The next day, after the responsible comrade of the municipal party committee reviewed the final proof, he immediately asked Qin Benli to come again for a talk. Sincerely and seriously, he

pointed out that according to discipline regarding propaganda work, it was permitted to openly publish in newspapers any opinions differing from the official decisions of the central authorities. Especially under the circumstances in which students had already taken to the streets, some of the contents of the speeches made at this forum, if published, would have the effect of misleading public opinion and would be harmful to the stabilization of the current situation. In view of this, the responsible comrade of the municipal party committee, proceeding from the need to safeguard the overall interests and for the sake of cherishing DAOBAO, suggested that several hundred characters be deleted. These were basically the parts upholding bourgeois liberalization contained in the speeches made by Yan Jiaqi, Dai Qing, and others. Qin Benli persistently refused to delete the words which were opposed to the party Central Committee and Comrade Deng Xiaoping. When the leading comrade questioned him closely on why he insisted on publishing these, he revealed the truth with one simple remark: "I want Deng Xiaoping to examine himself. The earlier Deng Xiaoping examines himself and the earlier he takes the initiative to do so, the earlier he will enjoy popular support. If he wants to examine himself, we will support him."

Under these circumstances, Jiang Zemin, who was then secretary of the Shanghai Municipal CPC Committee, had a personal talk with Qin Benli. He seriously criticized Qin Benli's erroneous viewpoint and acts of ignoring the party's political, organizational, and propaganda discipline, and pointed out that these contents must be deleted. Meanwhile, he asked a veteran comrade, who was the honorary chairman of DAOBAO's board of directors, to join him in doing the persuasive work. Under such circumstances, Qin Benli finally agreed to delete the contents. Nonetheless, the matter was not so simple. As a matter of fact, when he sent the final proof to the municipal party committee for examination and perusal, he ordered the printing of Issue No 439 of the newspaper which carried the contents of the forum. Such being the case, when Qin Benli was playing for time with the municipal party committee leaders, some 160,000 copies of the newspaper had already been printed and several hundred had been rushed out and distributed ahead of time. Some had even been sent to Beijing.

After the Propaganda Department of the municipal party committee learned of this situation, it decided, through consultation with Qin Benli on the afternoon of 23 April, that issue No 439 of DAOBAO, with content characterized by bourgeois liberalization, (called edition A), would be suspended from circulation and an edition B would be compiled. Normally, such a small change could be completed in half a day and the issue could still be published on time. However, edition B of issue No 439 had not yet been printed 3 days later. In the meantime, the Propaganda Department of the municipal party committee made several phone calls trying to urge DAOBAO to speed up the job, but it could not reach Qin Benli and the editors concerned. Now, the whole truth

has come out. On the evening of 23 April, Qin Benli held a meeting of the Editorial Committee at his house. At the meeting, some of its members opposed the publishing of edition B and insisted on publishing edition A. In conclusion, Qin Benli said: "I never thought that there was anything wrong. The deleted part of the contents was precisely what our newspaper wanted to say." So, they sent a message to Zhang Weiguo in Beijing and asked him to disclose this event to news media abroad. As expected, the Hong Kong SOUTH CHINA MORNING POST on 24 April published first a distorted report saying DAOBAO was "closed down and confiscated." On the evening of 24 April, Qin Benli held another meeting of the Editorial Committee at his house, and decided to write an "urgent report" to the Shanghai municipal party committee. Then, he went to "recuperate" at the Yinghua vacation village. Just as they privately told the Hong Kong MING PAO: "If we can stall for even 1 more day, it will be a victory for DAOBAO," and "the DAOBAO event has created an international impact." In this way, they stalled, and the Editorial Department of DAOBAO sent another "urgent report" to the municipal party committee on the evening of 25 April. In the report, they said that they would insist on publishing edition A of issue No 439 because it had already evoked strong repercussions in the international community, and they fabricated a rumor that "according to a Beijing report, the central authorities were likely to make a new conclusion on Comrade Yaobang." They were attempting to use the pressure from the international community and "Beijing" to compel the Shanghai municipal party committee to yield to their demand. The urgent report was actually just a "notice." In other words, they were bent on having their own way.

The many facts mentioned above show that the forum sponsored by DAOBAO and its stubborn insistence on publishing edition A of issue No 439 were entirely planned and premeditated actions.

In accordance with the guidelines of the 26 April RENMIN RIBAO editorial "We Must Take a Clear-cut Stand To Oppose Turmoil," the Shanghai municipal party committee resolutely made a decision on suspending Qin Benli from his duties and rectifying DAOBAO. On the afternoon of 26 April, the Shanghai municipal party committee held a 10,000-cadre meeting on "taking a clear-cut stand to oppose turmoil." During the meeting, Comrade Jiang Zemin announced the decision of the municipal party committee and pointed out with the force of justice: "At present, some people are attempting to use overseas public opinion to put pressure on us. They will definitely not succeed in their attempt, nor can they shake our determination to maintain stability and unity." The audience applauded to express their support for him.

An Important Source of Turmoil in Shanghai

The correct decision made by the Shanghai municipal party committee threw the creators of the turmoil into confusion, but they did not stop their activities. On the

contrary, they deliberately worsened the trouble. So, a serious struggle between those who were aggravating the turmoil and those who were opposing it had begun. The struggle first surfaced over whether DAOBAO should be rectified or not.

As early as 25 April, 1 day before the Shanghai municipal party committee made the decision on rectifying DAOBAO, the staff of the Beijing office of DAOBAO wrote Qin Benli and others a letter, in which they threatened "illegal meddlers": "If you act willfully, we will take to the streets to seek support from the people and the readers." They also said: "Facing the rigorous test, all the staff of DAOBAO can only go forward, not backward." This was the first confession of the press circles on "taking to the streets."

A shake-up task force of the Shanghai CPC Committee was dispatched to DAOBAO on 27 April. At that time, the prime task of the task force was to organize the staff and workers to publish a newspaper that firmly defended national stability, and to use real deeds to refute the lies concocted by certain people at home and abroad who harbored ulterior motives to the effect that DAOBAO had been shut down. However, this effort was met with resistance by a handful of DAOBAO people from the very beginning. A member of the Editorial Committee, nicknamed the "mastermind" of DAOBAO, said: "What we want is not the six words 'SHIJIE JINGJI DAOBAO,' but a SHIJIE JINGJI DAOBAO which is independent in content and style like before. If the content and style are changed, then DAOBAO is dead. Our fellow colleagues in DAOBAO will share this demise together." "The only way to resolve the DAOBAO issue is for the municipal party committee to admit its mistake, reinstate the boss (note: the title conferred on Qin Benli by DAOBAO's staff and workers), and withdraw the task force." As a result, everyone, from the deputy editor in chief to members of the Editorial Committee, refused to approve final proofs to be sent to the printing shop. Thereafter, as charged by the task force, edition B of issue No 439 was sent for printing and released on 27 April. Although the task force objected to some of the contents in issue No 440, it still gave approval after taking the overall situation of publication into consideration. But when the issue was released it was discovered that the headline on the front page had been changed from "In Memory of May 4th" to "We Need an Environment Where We Can Speak Freely". This was a trick engineered by a handful of DAOBAO people after the task force had approved the final proofs. The next day, this headline became the words on banners and slogans used by students demonstrating in Shanghai. In issues Nos. 441 and 442, a handful of DAOBAO people again created all sorts of incidents, and it became increasingly obvious that they were attempting to use public opinion to direct the upheaval. The task force of course refused to give its approval to send the final proofs for printing, and tried patiently to persuade them to make corrections. But this was rejected. As a result, DAOBAO stopped publication after issue No 442.

It has now been ascertained that these actions by a handful of DAOBAO people have a Beijing background. An order received by Zhang Weiguo from the Political Structure Reform Research Center, which was controlled by Bao Tong, said: Beijing does not feel pressure because DAOBAO has not stopped publication. If publication stops, Beijing will feel the pressure and may be forced to speak." Zhang Weiguo immediately conveyed this message to Shanghai. Thus, it is not difficult to understand why DAOBAO stopped publication after issue No 442. To whom does "Beijing" in "Beijing may be forced to speak" refer to? Well, the truth is out now. After Comrade Zhao Ziyang returned from his visit to the DPRK and learned of the decision taken by the Shanghai CPC Committee to deal with the DAOBAO affair, he expressed his "shock" instead of offering his support, and accused the Shanghai CPC Committee of "messing up things" and "losing the initiative".

With this sort of "Beijing" support, it was only natural that the handful of DAOBAO people, without inhibition, escalated the matter to become a part of the social upheaval.

To exploit the incident, after the Shanghai CPC Committee made its decision to shake up DAOBAO, Qin Benli immediately telephoned Zhang Weiguo, telling him to find out the views of participants attending a forum on the shake-up of DAOBAO. Zhang Weiguo got in touch with Yan Jiaqi and Dai Qing right away. In a telephone conversation on 27 April, Yan Jiaqi said: "The decision of the Shanghai CPC Committee is wrong. We must carry out the struggle by taking a clear-cut stand. DAOBAO should continue publication by adhering to its original aim and style (note: in actuality, according to ideas characterized by bourgeois liberalization), and should clearly expose the erroneous decision of Jiang Zemin. Yan Jiaqi immediately drafted an "open letter" to the Shanghai CPC Committee, using the sensational caption "Defend Freedom of the Press." At the onset, there were only two signatures. It was only after incitement by Zhang Weiguo and Dai Qing at a Beijing forum for intellectuals that Yan Jiaqi managed to collect over 30 signatures. Among them were Bao Zunxin, Su Shaozhi, Yu Haocheng, Zhang Xianyang, and Su Xiaokang. This was the first letter in support of DAOBAO, and was a farce written and directed by a handful of DAOBAO people themselves.

Qin Benli, who had already been suspended from his duties, did not stop performing his "duties" at all. He frequently convened the editorial board at home or at a hotel to discuss how to further escalate the situation. In early May, they dished up something called "The Truth and Our Attitude and Demand—Our Statement on the 'Decision' of the Shanghai Municipal CPC Committee on Reorganizing SHIJIE JINGJI DAOBAO." After being checked and approved by Qin Benli, the "statement," which was full of distortions, was printed and issued in large volume. Several hundred copies of

the "statement" were hand-carried to Beijing and distributed to various social circles. As a result, a wave of support of DAOBAO was stirred up in society.

On 29 April a very small number of people from DAOBAO began to cover the wall of the Editorial Department with black gauze and put up letters and telegrams of support from various quarters at home and abroad. While representing a kind of demonstration, the exhibition was also meant to mobilize support from various social circles. Qin Benli personally called up correspondents of overseas newspapers and periodicals, asking them to come and pay a visit. He told them: "You can feel that the press circles have begun to wake up, to exert their independence, and to unite together." For a while, visitors came in an endless stream. The exhibition misled and influenced many unsuspecting people and contributed to the creation of social turmoil.

Zhang Weiguo, the responsible person of DAOBAO's Beijing office, was even more active. He gave speeches to the press circles and college students, and briefed various gatherings of the intellectuals in Beijing on the so-called truth of the DAOBAO incident, reminding the press circles "to completely awaken to their own principal role." What did he mean by "awakening"? In an interview with the correspondent of the "MIRROR," a Hong Kong periodical, Zhang Weiguo put an excellent footnote to it. He said: "The DAOBAO incident has awakened China's press circles, and this is victory. We must start all over again after overturning what exists. China's mass media will certainly turn a new historical page." On 4 May, a small number of people in Beijing's press circles took to the streets, carrying with them banners reading "Freedom of the press" and "Support DAOBAO."

Along with the development of the overall situation, a small number of people of DAOBAO intensified their support of and participation in the turmoil. On 13 May, Qin Benli and others held a meeting at the Jinjiang Hotel to study the situation and their strategies. He believed that the situation was "extremely favorable" and that the time had come for a big "change." These are the words they used: "What we are facing is most likely a period of important changes. The extent and result of the changes are very difficult to predict. They may have tremendous significance, which we have yet to grasp." Accordingly, they simply refused to publish newspapers and, instead, concentrated all their efforts on creating and intensifying turmoil in Shanghai as a response to what was happening in Beijing.

On 11 May, a very small number of people from DAOBAO and certain other people gathered by them drafted "an appeal from Shanghai's intellectual circles," in which they put forward these demands: Rescind actions taken against DAOBAO, withdraw the leading group sent to reorganize DAOBAO, restore Comrade Qin Benli's duties, reissue the banned pages of the 24 April issue of DAOBAO, guarantee freedom of the press,

and affirm and protect the students' patriotic and democratic actions. The content of the "appeal" promptly appeared in overseas newspapers.

On 16 and 18 May, the very small number of people from DAOBAO held a press briefing and a Chinese and foreign press conference, inviting consular officials of the United States and other foreign countries as well as members of the illegal student organizations of nearly 20 universities in a deliberate attempt to take the DAOBAO incident to the entire country and abroad. In their statement, they said: "We do not view the DAOBAO incident simply as a matter affecting a single person or a single newspaper. We hope to work with you students to push forward China's democratic construction and political reform."

A very small number of people from DAOBAO have always claimed to have the courage to speak out the truth. Now, let us see how these people had the courage to fabricate rumors during the turmoil in an attempt to create a chaotic situation. On 18 May, someone made a phone call to DAOBAO, asking: "They said three students on a hunger strike in Beijing have died. Is this true?" A man from DAOBAO answered: "Our office in Beijing has confirmed that three students did die." This rumor that was "confirmed" by DAOBAO spread quickly, making students and local residents more emotional. As a result, many people who were marching carried wreaths, held elegiac couplets, and wore black arm bands to mourn the dead, creating a very foul atmosphere.

To spread turmoil, a very small number of people of DAOBAO frequently visited universities and colleges to build contacts and give speeches, and established regular contacts with the illegal "Self-Government Union of Shanghai Workers" and other illegal organizations. For this, leaders of the illegal student organization of Fudan University wrote a letter to thank teachers of DAOBAO for their valuable guidance. A very small number of people from DAOBAO also bought a large quantity of bread and drinks for demonstrating students in order to lift their morale. These people also delivered speeches among demonstrators in an attempt to stir up troubles. People were assigned to work at DAOBAO's four telephones (including international direct-dialing telephones) 24 hours a day to receive information from Beijing and other domestic and foreign sources, which were in turn relayed to some universities and departments concerned in Shanghai. They also transmitted information about Shanghai to other localities at home and abroad. No wonder students liked to say at that time: We should read the DAOBAO for the latest news, and consult the DAOBAO for theoretical guidance.

Desperate Resistance in the Face of Total Failure

However, like all other people engaging in the turmoil, a very small number of the people of DAOBAO incorrectly evaluated the situation and underestimated the power of

the party and people. On 19 May, on behalf of the party Central Committee and the State Council, Comrade Li Peng delivered a heartening speech with the force of justice. On 20 May, the State Council issued an order on enforcing martial law in some parts of Beijing. Qin Benli and some other people began to realize that their doom was approaching. However, they were unwilling to take defeat lying down, and tried to make a final rampant jump.

Before the martial law order was issued, the Institute for the Study of Reform of the Economic System, the Development and Research Institute of the State Council's Agricultural Research Center, the International Studies Institute of the Zhongxin Company, and the Beijing Youth Economic Society put forward the "Six-Point Opinion on the Current Situation," openly exposing differences at the upper level of the party Central Committee on handling student unrest and turmoil, and distributed the "opinion" among the public in the form of a RENMIN RIBAO "extra." A very small number of people from DAOBAO promptly echoed this and issued their own "extra." In addition to the "Six-Point Opinion," the "extra" contained an article by Cao Siyuan entitled: "Let the Theory of Nonviolence Be Deeply Embedded in the People's Mind," whose spearhead was pointedly directed at the party Central Committee, the State Council, and the People's Liberation Army [PLA]. The "extra" was not distributed only because high-level leaders of the printing shop discovered this fact in time and took measures to stop the printing.

On 21 May, a very small number of people from DAOBAO posted 30 photographs under the headline "Tiananmen Square on 20 May" at the paper's newspaper board outside its office. The photographs displayed how elements of the turmoil tried to stop the PLA from entering Beijing, how they opposed enforcement of martial law, how they occupied Tiananmen Square, and how they showed placards with such written slogans as "Down with Li Peng" and other reactionary slogans. The photographs attracted a large crowd, which caused a traffic jam. This reactionary propaganda actually ideologically triggered road blocking and other serious incidents of turmoil that took place in Shanghai later.

Cao Siyuan, Hu Jiwei, and some other people in Beijing mobilized Standing Committee members of the National People's Congress [NPC] to sign a petition calling on the NPC Standing Committee to convene an emergency meeting in a vain attempt to remove Li Peng. After learning the news, a few people from DAOBAO took action immediately. On the afternoon of 21 May, Qin Benli and some other people hid in a guesthouse to plot and to draft "an open letter from CPC members of Shanghai Municipality to the CPC Central Committee." The letter openly called for negating the 26 April RENMIN RIBAO editorial, opposing the State Council's order on enforcing martial law in some parts of Beijing, and rescinding Comrade Li Peng's 19 May speech, in an attempt to exert pressure on the party Central Committee. These people tried to persuade party members to

sign the letter, and, after being boycotted by the vast numbers of party members, tried to woo nonparty members to sign it. They then hastily transmitted the letter to Beijing and sent it to places outside the mainland in an attempt to create a false impression that party members in Shanghai also had taken actions.

On 22 May, the very small number of people from DAOBAO again organized, through contact actively established by them, a big march to demonstrate what they called Shanghai intellectual circles' support of Beijing and opposition to the martial law. Based on "information" from Beijing, certain people from DAOBAO wrote on streamers such reactionary slogans as "Down with the antiparty clique of Li and Yang" and "Completely smash Li Peng's antiparty, antipeople political coup conspiracy." In the march, they also openly displayed streamers containing such slogans as "Recall Li Peng," and shouted such reactionary slogans as "Down with Li Peng." Qin Benli, "his hair gray and his walk slow," attracted most attention in the march.

The very small number of people from DAOBAO also did not hesitate to keep company with reactionary elements. They openly and frequently communicated by telephone with the ringleaders of the notorious reactionary organization "China Democratic Federation," and kept close contact with them.

Qin Benli and others also resorted to the use of overseas reactionary media to put pressure on the party and government. The very small number of people from DAOBAO frequently accepted requests for interviews from foreign journalists. Hong Kong, Taiwan, and Western media published one report after another about DAOBAO, boosting the arrogance of its very small number of people. According to incomplete statistics, there were more than 300 reports in this regard. A certain Hong Kong newspaper alone carried more than 40 reports on DAOBAO between 25 of April and 17 June.

After the counterrevolutionary rebellion in Beijing was quelled, this very small group from DAOBAO still put up a desperate struggle. In the wake of 4 June, some Hong Kong, Taiwan, and Western media fabricated the "Tiananmen bloodbath," "black fourth of June," and other similar rumors. This small group from DAOBAO went as far as reprinting, distributing, and posting these reactionary materials. They also asked DAOBAO employees to wear black gauze, and twice attempted to organize demonstrations. However, their attempts were all frustrated by the boycott of DAOBAO's employees. By 9 June, some 20 people from DAOBAO were still attending the "memorial service" directed by Shanghai's "Self-Government Union of Institutions of Higher Learning" and other illegal organizations at the People's Square. They also tried to hold a press conference at the square. However, the press conference went up in smoke after the leadership of the Shanghai Municipal CPC Committee and government took resolute action to end the turmoil.

A Profound Lesson

Was the vicious performance of DAOBAO during the recent turmoil accidental? The answer is no.

DAOBAO started publication in June 1980 with the approval of the Propaganda Department of the Shanghai municipal party committee and was placed in the charge of the Shanghai Academy of Sciences. Since then, it had published some fairly good articles publicizing reforms and opening to the outside world. At the same time, however, it had also published some erroneous articles under the guidance of Qin Benli's erroneous thinking, and been repeatedly criticized by the Central Committee and the Shanghai municipal party committee. The departments concerned under the Shanghai municipal party committee had assigned personnel to rectify it in 1985 and 1987. Qin Benli conducted self-criticism several times. However, Comrade Zhao Ziyang always supported and shielded it. For instance, his secretary visited DAOBAO to convey appreciation at a crucial moment of the 1987 rectification and made it impossible for the rectification to go on. For this reason, the problem of DAOBAO had not been thoroughly solved thus far. The Shanghai municipal party committee assigned some comrades to strengthen the leading force of DAOBAO; they were successively pushed out by Qin Benli because he had influential support. Particularly in the last 2 years, DAOBAO, catering to the international and domestic climate, published more and more articles against the four cardinal principles and rapidly became degenerate on the road of bourgeois liberalization.

The DAOBAO event was of a serious nature and its lesson was profound, awaiting our comprehensive summing up and rethinking. It tells us that the struggle against a handful of persons of DAOBAO who clung to a bourgeois liberalist stand and engaged in political scheming was not a struggle over the question of whether it is necessary to reform journalism or not. It was an intense struggle between upholding the four cardinal principles and upholding bourgeois liberalization, as well as a political struggle between creating turmoil and opposing turmoil. It also tells people that in our country, any mass media will inevitably fall into the quagmire of bourgeois liberalization if it breaks away from our party leadership and deviates from the socialist orientation. The reform of journalism, if it violates the precondition of upholding the four cardinal principles, will surely result in rampant bourgeois liberalization. This is independent of man's subjective will.

Government Takes Action To Curb Corruption

Ministry Publishes Notice

OW2008134289 Beijing XINHUA in English
1214 GMT 20 Aug 89

[Text] Beijing, August 20 (XINHUA)—Chinese supervision organs in the first six months of this year have dealt with 15,165 cases involving corruption, bribery and embezzlement, retrieving losses worth 103 million yuan.

The figure was revealed at a recent seminar sponsored by the Ministry of Supervision.

In order to crack down on corruption, bribery and embezzlement, the Ministry of Supervision yesterday published a notice to urge government workers who have committed such deeds to surrender themselves before October 31, the deadline as set by the ministry.

The notice which is carried in today's PEOPLE'S DAILY said that those who take the initiative to confess and gave themselves up to the authorities will be given lenient treatment.

Those who refuse to confess and avenge themselves on reporters, witnesses or the people who handle their cases, or try to stop or interfere with investigations will be punished severely, the notice said.

The government workers who harbor evildoers and help cover up their evil deeds of corruption or bribery will be punished.

The notice said that the reporters should be protected and those who have rendered meritorious services should be rewarded.

Government workers who have been proven guilty of corruption, embezzlement or bribery and sentenced by the justice should be dismissed from their official posts and sacked, it said.

Punishment for offences involving less than 2,000 yuan (about 250 U.S. dollars) ranges from warning, demotion to dismissal from public duty, the notice said.

Commentator Outlines Measures

HK1908003289 Beijing CHINA DAILY in English
19 Aug 89 p 4

[From the "Opinion" column by CHINA DAILY commentator: "Clean Government"]

[Text] Serious actions are being taken by the Chinese leadership to implement the seven tasks that it promised three weeks ago to combat official corruption.

The seven tasks include stopping leading officials and their family members from engaging in commercial activities, cancelling their privileges in purchasing foodstuffs and riding imported limousines, auditing companies, forbidding unnecessary banquets and sending gifts at public expenses, limiting the number of trips abroad each year and punishing economic law-breakers.

The State auditing authorities decided on Thursday to impose 51.3 million yuan (\$13.7 million) as fines and confiscations for illegal profiteering on five companies with official affiliations at the central level.

The justice departments required on Wednesday that State employees involved in illicit financial practices should report themselves before October 31 to avoid getting harsher punishment.

Emulating the moves at the top level, over two-thirds of China's provincial leaderships have worked out measures corresponding to the seven anti-corruption tasks.

In another development, a system to avoid conflict of interest in personnel employment introduced by 10 provinces and municipalities seems to be working well. Under this system, a government official's families and immediate relatives are not allowed to work in the same department with him. He should not participate in decision making on his own or the latter's assignment, promotion and pay raises. Nor should he hold office in his hometown.

All these developments have been welcomed by the public. They indicate the Chinese Communist Party's reaffirmation of its time-honoured tradition of serving the people whole-heartedly.

Fight Corruption

The party has placed serving the people as its only purpose ever since its founding days. Through all the struggles and self-sacrifices under this guideline, it gained from the people so much trust and support as to establish its indisputable authority in the country.

However, the very fact that the Party continues to be the only ruling force of the nation creates possibilities that some of its power-holding members may abuse their positions to evade criticism from the masses and supervision of law enforcement bodies. When corruption becomes widespread, the Party will lose the people's trust, thus forfeiting its right to lead the nation, and the entire society's stability and development would be at stake.

Fighting corruption, therefore, is an issue of life and death for the 47 million Party members, as repeatedly stated by some of their veteran leaders.

In recent years, the public was disappointed to see some officials neglect their pledge to serve the people and saw them take advantage of the laxity in legislation and morals. Trading of power for money has run rampant and has become a disgusting social malady, arousing growing resentment from people of all walks.

Unfortunately, this resentment was used by the conspirators of the riot in Beijing earlier this year to undermine the unity of the Party and the people and challenge the Party's leading position and its guiding ideology.

Soon after the riot was quelled, senior statesman Deng Xiaoping wasted no time pointing out that something must be done immediately to eliminate corruption effectively, even though the Party's rivals had picked up the

issue only to promote their subversive goals. The masses know that all the recent anti-corruption developments are the Party's response to its founders' political wisdom.

A clean ruling party and a clean government are in themselves good examples to encourage the people to guard against moral decline, misdemeanors and crimes. This consciousness-raising effect will in turn benefit society's supervision of politics.

This also is what China's overseas friends sincerely wish. If all the anti-corruption measures are thoroughly executed, there will be a major improvement in the nation's political stability and the government's efficiency. Such an improvement certainly is good for China's economic and cultural exchanges with foreign countries.

DANG JIAN Cites Statistics

OW2008213089 Beijing XINHUA Domestic Service
in Chinese 1210 GMT 19 Aug 89

[Text] Beijing, 19 Aug (XINHUA)—The forthcoming No 9 issue of DANG JIAN carries an article entitled "Step Up Case Handling, Punish the Corrupt, and Strictly Enforce Party Discipline." Citing statistics on cases handled by the Central Discipline Inspection Commission, the Supreme People's Procuratorate, the Supreme People's Court, and the Ministry of Supervision, the article concludes: Our struggle against corruption over the past few years has produced results.

A report from the Central Discipline Inspection Commission says: Between 1982 and 1988, discipline inspection departments in all parts of the country placed a total of 1,147,962 cases on file for investigation and, as a result, disciplined 879,177 members for violating inner-party discipline. Among the disciplined party members, 342 were cadres at the provincial and army level, 4,296 were at the prefectural and divisional level, 36,494 were at the county and regimental level, 102,487 were at the district and battalion level, 246,737 were ordinary cadres with party membership, and 488,821 were ordinary party members. In terms of the nature of the mistakes committed, economic problems led all categories. A total of 210,625 people were disciplined for economic crimes (115,169 disciplined for corruption and theft, and 32,994 disciplined for offering bribes, taking bribes, or demanding bribes), accounting for 23.96 percent of the total number of party members disciplined. The second largest category, with 109,142 members disciplined, concerns illicit relations between men and women. This category accounts for 12.4 percent of the total number of party members disciplined. The third category concerns violations of the family planning policy, with 107,429 or 12.2 percent of the total disciplined. In addition to these categories, 42,307 were disciplined for gambling, 41,877 for abusing power to seek personal gain, and 33,994 for serious bureaucratism and dereliction of duty. These were the more frequent offenses.

Between 1982 and July 1986, when the Central Committee authorized the Central Discipline Inspection Commission to take charge of the nationwide drive to crack down on economic crime, a total of 454,375 cases involving 140,957 party members were filed for investigation. Among the party members investigated, 24,813 were expelled from the party for economic crimes.

A report from the Supreme People's Procuratorate says: Between January 1988 and April 1989, procuratorial offices in various parts of the country accepted more than 90,000 cases of corruption, bribery, and other economic crimes, and placed more than 40,000 cases on file for investigation. Of this number, over 6,000 involved major crimes. Money and goods recovered total more than 520 million yuan.

A report from the Supreme People's Court says: Between 1988 and the first quarter of 1989, courts in various parts of the country accepted 70,697 cases involving economic crimes, closed 68,686 cases (including those handed down from the preceding year), and convicted 95,494 persons. Of those convicted, 9,880 were convicted on charges of embezzlement and 1,941 were convicted on charges of accepting bribes, of whom 130 were sentenced to life imprisonment and death (including reprieves). In addition, 2,057 were convicted on charges of speculating and profiteering, 285 on charges of smuggling and selling contraband goods, and 963 on charges of evading taxes or refusing to pay taxes.

A report from the Ministry of Supervision says: According to incomplete statistics compiled by the Ministry of Supervision and the supervision offices of 25 provinces and municipalities and 21 ministries and commissions for the period from January 1988 to the first quarter of 1989, the supervision organs accepted 2,151 cases of official profiteering, including resale of means of production, certificates of approval, commodities in short supply, and foreign exchange, and placed 1,388 cases on file for investigation. As of now, they have closed 474 cases, meted out administrative disciplinary action against 400 persons, and sent 125 persons over to judicial organs for prosecution. Of those disciplined and prosecuted, 62 persons were cadres at the bureau level. A total of 139,430,000 million yuan was confiscated or fined.

To ensure clean government, supervision organs at all levels and in various parts of the country have concentrated their efforts on investigating violations of law and discipline over the past year. According to incomplete statistics, between January 1988 and the first quarter of 1989, units or individuals informed supervision organs of 77,640 cases of violations of law and discipline, of which 25,255 were placed on file for investigation. As of now, 17,757 cases have been closed. The supervision organs meted out or recommended administrative disciplinary action against 12,699 persons, 432 of them being

cadres at the county and department level. They also recommended party disciplinary action against 1,187 persons, and sent 1,571 persons over to judicial organs for prosecution.

Article Accuses Students of 'Infantile Disorder'

OW1908060489 Beijing XINHUA in English
0549 GMT 19 Aug 89

[Text] Beijing, August 19 (XINHUA)—University students' view of democracy was a "leftist infantile disorder" which led to the student riot in Beijing, according to Shanghai-based "LIBERATION DAILY".

The students were used as tools by a handful of people in the turmoil. Those people included political conspirators collaborating with hostile overseas forces and those behind the scenes who sent secrets of the party and the government to illegal organizations. They incited people beating, looting and killing, said an article by Xiao Yi, a student in the Shanghai Normal University.

Although college students possessed theoretical knowledge, they had good intentions and hated social evils, Xiao said, "They are so young that they lack practical knowledge of the society and its history." As a result, since the beginning of the student demonstration, they had displayed too naive an approach to democracy for China.

Many students mistook American democracy as the desirable model for China, he said. But on this point, they had severed the internal relations between the system of a government and its history. "They have ignored the Chinese actual situation," he said.

During the 1950s, the government tried to copy the Soviet model but failed. Today, it should not repeat the same mistake by copying the Western model. He said, "We should build up Chinese democracy with its own characteristics."

It takes a long time to build a democracy, said the article. It has taken almost 200 years for democracy to be built in Britain. For China, forty years ago, the country was semi-colonial and semi-feudal and the history of the People's Republic of China is too short. At present, the vestiges of feudalism still remain in the society. And the socialist morality and legal system leaves much room for improvement. Under these circumstances, state affairs will certainly result in anarchy if the country moves too hastily. During the turmoil, a lot of students simply thought that they could succeed in launching their democracy on the strength of their demonstrations, sit-ins and fasting. It showed their naivety in regard to the issue of democracy.

Xiao quoted Deng Xiaoping as saying, "If China, with 1.1 billion people, carries out general elections which the United States has developed over 200 years, certainly it will suffer from the same social unrest as it did during the Cultural Revolution."

Moreover, it is deplorable that some students preached democracy in the turmoil, but meanwhile, they trampled on democracy and defiled public opinion themselves, the student writer said.

RENMIN RIBAO on Contradictions of Turmoil

HK1808150289 Beijing RENMIN RIBAO in Chinese
18 Aug 89 p 6

[Article by Mei Xing (2734 5887): "Earnestly Sum Up Experiences and Lessons from Quelling the Rebellion"]

[Text] Successfully quelling the counterrevolutionary riot and successfully calling the 4th Plenary Session of the 13th CPC Central Committee was a big victory. This turmoil gave everyone a political lesson, rich in content, on socialist construction. Summing up relevant experiences and drawing lessons therefrom carries deep significance.

This turmoil exposed two contradictions: The first is between an extremely small number of anti-party and anti-socialist elements acting in collusion with international reactionary forces, and the Chinese Communist Party and the Chinese people. It has a clearly antagonistic nature. Another is between party and government leaders and the masses of people, arising from our mistakes. This contradiction could not be avoided. Nor should it be. It was because the contradiction among the people was exploited by domestic and foreign reactionary forces, that things became complicated and developed into a counterrevolutionary riot. It was only thanks to the fact that Comrade Deng Xiaoping and other proletarian revolutionaries of the older generation were at the helm, that the riot was suppressed very rapidly, with a greater loss avoided.

This incident was really no accident. It was the result of the above two kinds of contradictions continuously intensifying and acting upon each other. The most important reason why the two types of contradictions had intensified was that the idea of bourgeois liberalization had invaded various areas. There were no exceptions in such sectors as theory, literature and art, news media, publishing, culture and education. The only difference lay in the degree that they were affected.

In the 5 or 6 years since the 3d Plenary Session of the 11th CPC Central Committee, we have carried out correct lines, and general and specific policies in a firm and overall manner. Various fields of endeavor have thrived. Great achievements were scored in the reform and openness effort. In the spring of 1979, bourgeois liberalization surfaced, Comrade Xiaoping confronted it with the four cardinal principles he put forward, suppressing those attempting to create turmoil. Peace reigned for quite a few years. But in 1988, when the idea of bourgeois liberalization reared its head, the two important matters—party rectification and the fight against spiritual pollution—decided upon at the 2nd Plenary Session of the 12th CPC Central Committee

were not handled well. The fight against spiritual pollution in particular was prematurely given up after only 20 days. This provided the green light for those people bent on promoting liberalization. Between the spring and the summer of 1987, Comrade Zhao Ziyang, who had been the acting general secretary for a short time, again killed in one stroke the fight against bourgeois liberalization. Thereafter, bourgeois liberalization assumed serious proportions. Reactionary ideas at home and abroad seized the opportunity to enter the scene and assert themselves. In the past 2 or 3 years, Comrade Zhao Ziyang took a passive attitude toward the four cardinal principles, with the appearance of many mistakes. In the cause of economic construction itself, more and more problems piled up. Most noticeable were uncontrollable inflation and ever serious unfair distribution. There were also many hidden problems. Moreover, the party failed to take good care of itself. The government showed a lack of honesty. There was weakened leadership. The work style had become increasingly bad. Some basic-level organizations had become paralyzed, with a change in character. Many party and government cadres were seriously detached from the masses. Various corrupt phenomena quickly developed in society, giving rise to mass dissatisfaction. Official involvement in profiteering was the anathema of the people. Meanwhile, reactionary forces overseas plotted secretly, or took charge openly, sowing dissension and making trouble. Therefore, the contradiction among the people intensified. External causes act on internal ones. In the recent turmoil, reactionary elements also put forth the slogan of fighting officials' involvement in profiteering, fighting corruption, and fighting bureaucratism. This was willfully exploiting the contradiction among the people. Some people, not knowing the truth, were deceived. From here, we can draw a lesson. It is that we can never do things that alienate ourselves from the masses or are unpopular with them. Otherwise, such things will be seized upon by the enemy to serve its own ends.

Only by correctly handling the two kinds of contradictions mentioned above is it possible to stabilize the whole situation, and genuinely restore political unity and stability. At present, we should first continuously grasp the work of quelling the counterrevolutionary rebellion so that the antagonistic contradiction can be correctly solved. Viewed from a long-term point of view, it is fundamental to resolve the problem of contradictions among the people, establish credibility among the people, and restore the prestige of party and government leaders among the masses of the people. It is necessary to firmly grasp and solve well the matters of the greatest concern to the people, such as fighting official profiteering, eliminating corruption, improving the economy, stabilizing prices, rectifying party style, stepping up education, and purifying organization, as well as cracking down hard on various criminals to maintain normal order. The communique of the fourth plenary session says that we should make conscientious efforts to satisfactorily carry out a few matters of general concern to the people and that we should never let down the party

and the people. All people are pleased when hearing this. It is indeed necessary for senior leaders to take the lead in fighting such practices as official profiteering, which is bitterly hated by the people. If their children have such problems, they should place righteousness above family loyalty and set examples. Comrade Jiang Zemin spoke accurately and forcefully when he said at the forum of non-party personages that it is necessary not only to firmly grasp the work of thoroughly quelling the counterrevolutionary rebellion and curbing turmoil, but also to draw a strict distinction between different types of contradictions. If we carry out this work well, we can also win great popular support.

In correctly handling the aforesaid contradictions, it is also necessary to solve some problems of ideological understanding.

First, on class struggle. In the past, it was quite erroneous to take class struggle as the key link and use the method of political campaigns to attack people. However, if we go to another extreme, holding that all is peaceful under heaven and that class struggle at home and abroad will soon die out, this is also incorrect and very dangerous. History tells people: When the capitalist world is in a serious crisis, some communists tend to make the mistake of being overanxious for success, always trying to be successful at one stroke; when the capitalist countries are in a period of relative stability and development, some communists also tend to lose their way and even make the mistake of attempting to negate Marxism. We should reassess international capitalism to gain something useful to socialism but on no account should we hold that it has suddenly become a Buddha and has thoroughly given up the plot to wipe out the communist movement. Domestically, the exploiting classes were wiped out long ago but hostile forces will still exist for a long time to come. In recent years, all kinds of anti-party and anti-socialist elements, people stubbornly holding on to a bourgeois liberalization stand, new and old criminals, and so on have ganged up together and formed an increasingly unbridled reactionary force. They are also supported by reactionary forces abroad. Many people of this force are key members in engineering the counterrevolutionary rebellion. The reactionary forces do not take their defeats lying down and so we should never take them lightly or lower our guard.

Second, on political leadership. Adhering to the four cardinal principles means adhering to political leadership. Comrade Mao Zedong was not wrong when he said that the work of building socialism needs political leadership. Taking economic construction as the key link is not contradictory with adherence to political leadership. The series of principles and policies laid down since the 3d Plenary Session of the 11th CPC Central Committee, especially the need to simultaneously grasp material and spiritual civilizations and one center, two basic points, are all aimed at upholding political leadership. However, they have undergone changes in the course of implementation. Comrade Zhao Ziyang has cast aside the four

cardinal principles and weakened ideological and political work, thus bringing about rampant liberalization trends and decadent phenomena. The former is the direct outcome of abandoning political leadership and the latter is its indirect outcome. Following this turmoil, the new central leading collective has decided to launch education in the four cardinal principles, carry out the struggle against bourgeois liberalization, step up the building of spiritual civilization, and stress long-term adherence instead of giving up halfway. Moreover, it has also used practical action to oppose corruption and step up the building of clean government. This is totally correct. We should now set about establishing a contingent of competent cadres on the ideological front. We are engaging in socialist economic construction, as well as socialist reform and opening up. If we depart from party leadership and the socialist road, it will mean that we give up the principle of political leadership and will surely take to evil ways.

Third, on economic law. Marxist economics tell us that objective laws are impartial and incorruptible, and so we should adopt a completely honest attitude. More often than not we think of the objective laws after we suffer setbacks. However, when economic development is plain sailing, we often forget them and even cast them aside. Comrade Zhao Ziyang has made some mistakes in economic work precisely because he neither listened to differing views nor proceeded from reality. He ignored the actual conditions in our country and violated the objective economic law. The result is that the economy is overheated and supply and demand are in serious imbalance. These are extremely profound lessons. Naturally, there are objective laws applicable to all societies, exclusive objective laws of the socialist society, and also special laws governing the building of socialism in China. The primary task of Chinese communists and revolutionaries is to strive, in line with Comrade Deng Xiaoping's requirements, to understand and grasp the laws on building socialism which are in keeping with China's national conditions.

Fourth, on studying Marxist-Leninist theory. Nobody is opposed to this but few people put in real time and energy, and even fewer people understand it and can apply it. Given the rampant trends of bourgeois liberalization, there is a strange phenomenon, i.e. some of the people allegedly studying Marxism-Leninism are opposed to Marxism-Leninism and some have become men of the hour in the current turmoil. Naturally, this is a special case. Without studying Marxism-Leninism, it will be impossible to draw clear distinctions concerning cardinal issues of right and wrong, and it will be difficult to do a good job. Most leaders in our party and government organs are very busy. They put in extra hours and work very hard. It seems over-critical to ask them to read Marxist-Leninist works every day and, therefore, we can only ask them to make the arrangement themselves. But there are indeed some leading cadres who have no drive in their work. They do not read books, still less Marxist-Leninist works, but they still have an easy conscience.

Now, many young students are unwilling to attend political lessons or read Marxist-Leninist works. We cannot say it has nothing to do this practice.

In recent years, with the rampant trends of bourgeois liberalization, the social status of pragmatism has also risen. In the past, the small peasant economy occupied a ruling position in China for a long time. When this is reflected in ideology, it tends to generate one-sidedness, absolutes, and the practice of going to extremes. In the past Comrade Mao Zedong often called on communists to study Marxist theory of knowledge and dialectics and he said this with a clear objective in mind. In the future, it is necessary to grasp the study of Marxist-Leninist theory, especially philosophy. Now, we should use Marxist-Leninist stand, viewpoints, and methods to make a concrete analysis of all the aspects, including cause and effect, of the present turmoil and riot, sum up experience, draw lessons, and heighten our awareness in order to improve our work, overcome difficulties, and avoid repeating mistakes.

LIAOWANG on Democracy, Social Development
HK1808112189 Beijing LIAOWANG in Chinese
No 32, 7 Aug 89 p 17

[Article by Wang Guofa (3769 0948 4099): "Democracy Should Not Go Beyond Social Development"]

[Text] A decade of reform has led to relatively big strides in the building of socialist democratic politics in our country. The emancipation of the mind, elimination of personality cults, democratic supervision, consultations, and dialogues have greatly mobilized the initiative of the broad masses of people and played an enormous role in propelling the advance of reform and opening up. However, owing to the proliferation of bourgeois liberal ideas, some people, notably many young students, failed to distinguish the essential differences between socialist democracy and bourgeois democracy. In the meantime, aspirations for "democracy" grew rapidly and rose to a degree of "total westernization" where demands for the separation of executive, legislative and judicial powers and for the establishment of a multiparty system were put forward. This aspiration was taken advantage of by a small handful of people and eventually led to the counterrevolutionary rebellion. The bloody lesson tells us that when speaking of democracy, it is necessary not only to clarify the class nature of democracy, but also to realize that: Democracy should not go beyond social development!

First of all, democracy should not go beyond national conditions. Our country has a large population and a vast area, but it also suffers from insufficient resources and has been closed to the outside world for a long period of time. Moreover, the commodity economy is underdeveloped while our absorption capability is rather low. Hence, the realization of a democratic system cannot but be affected and restricted by these factors. When many people are still preoccupied by the daily toil for basic survival, it is

impossible to expect from them a high degree of democratic participation. Even if a so-called democracy is forcibly implemented, interference from various factors will give rise to individualism, factionalism and anarchy, and lead to de facto nondemocracy and even chaos. The socialist system in our country is a genuine democratic system where the people are the masters. However, since we are still in the initial stage of socialism, so our democracy is also in its initial stage, and its superiority will only be reflected through a gradual process. It is not possible for us to find a so-called shortcut to transplant a complete set of finished products nor dream of realizing a perfect and high degree of democracy overnight. It is even more impossible to treat a historical objective as if it were a reality today. Any illusion that says hastening the growth of democracy will lead to rapid perfection of the system, cure of all social ills, and resolution of all kinds of difficulties encountered today will only produce the opposite results.

Secondly, democracy should not go beyond the educational level of the people. If democracy is not commensurate with the educational level of the people, then even if it were presented in advanced forms, it would still have a hard time taking root among the people. At present, the educational level of our people is generally very low. In concrete terms, here are the following facts: One, there are many illiterates, semi-illiterates, and those who do not even know the meaning of democracy; two, feudal thinking is serious, while remnant feudal practices such as clanism and brotherhood mentality continue to prevail, affecting the people's understanding of democracy and interfering with the smooth realization of democracy; third, the lack of democratic practice, experience and habit. Even among university students who are receiving higher education, many of them have a vague understanding of democracy and even less knowledge about democratic systems and theories. Moreover, they generally lack the psychological preparation and training needed to fulfill democratic obligations and exercise democratic rights. Even when they were demonstrating and shouting for "democracy", many of them had a very inadequate notion of the kind of democracy that they were demanding. While some of them worshipped Western democracy to the utmost, their understanding of Western democracy was neither comprehensive nor systematic and at best, was superficial. They know very little of the essence, roots and historical development of Western democracy. Under these circumstances, how can the educational level of the people keep up with an accelerated pace of democratization!

Moreover, democracy should not go beyond the legal system. First of all, democracy refers to the system in a country and reflects the will of a certain class. The objective of democracy is not democracy for democracy's sake; rather, it is intended to promote the development of society. Our country's Constitution and laws embody the will and interest of the people and serve as the instrument to protect the interest of the state and people as well as to accomplish the task of the people's

democratic dictatorship. Hence, it is said that democracy and the legal system are fundamentally consistent with each other. The two complement each other and cannot be separated from one another. Democracy is the basis of law, but it must be guaranteed and restricted by law. In our country, the law is binding not only on the enemy but also on the people. Only through common observance of the law can the stability of society be ensured. Everyone, without exception, should act within the limits of the Constitution and the law. At the same time, the development of democracy should also be restricted within the bounds of the Constitution and the law. Any transgression of the law can only mean the trampling and sabotage of democracy. Resorting to undemocratic and illegal means to "achieve democracy" can only end in the disruption of normal social order, whatever the intentions may be. During the "Cultural Revolution", the use of "great democratic" means not only failed to develop democracy but actually resulted in the overall undermining of socialist democracy. This is a point that we should always bear in mind.

The building of socialist democratic politics is a complicated and systematic process. Its development will inevitably have to undergo an arduous and protracted course and cannot be accomplished overnight. As we develop the economy, we should also take into consideration the realities in China and, under the leadership of the Communist Party as well as the guidance of Marxism, carry out proper exploration to establish a genuine socialist democracy that is better than capitalist democracy. We should discard the hypocritical, superficial and formalistic elements found in capitalist democracy and give democracy a newer, deeper and more realistic content so that our democratic politics "will become the best system in the world" (SELECTED WORKS OF DENG XIAOPING, page 297). This is the true object of our pursuit. Meanwhile, any empty and unrealistic democratic dreams that go beyond actual social development can only come to naught.

Official Comments on State Religious Policy
OW1608045689 Beijing BEIJING REVIEW in English
No 33, 14-20 Aug 89 pp 18-23

[Text] In a recent interview with "BEIJING REVIEW" correspondent Lu Yun, Deputy Director Losang Chenlei of the State Council Religious Affairs Bureau spoke about China's policy on freedom of religious belief and expressed his opinion on related problems that foreign friends are concerned about. The interview follows. [end editor's note]

Back on the Right Track

Question: How do you estimate the implementation of China's policy on freedom of religion in recent years?

Answer: In the past decade, the implementation of China's policy on freedom of religious belief has been good. "Leftist" mistakes have been corrected. Citizens' constitutional right of religious freedom has been respected and guaranteed.

So far, all the wrong and unjust cases brought up against religious persons have been redressed, and all religious believers participate in normal religious activities. Many temples, churches and monasteries destroyed during the "cultural revolution" have been either rebuilt or renovated. Nationwide, there are more than 50,000 venues for religious observances, basically enough for religious believers to hold their religious services. All religious groups have restored their activities. There are now eight national, 164 provincial and more than 2,000 prefectural and county-level religious groups believing in Buddhism, Taoism, Islamism and Catholicism or other branches of Christianity. Each group has its own leading body elected at a meeting of its representatives. Each group has its own religious texts and periodicals. Take Christianity for example. More than 3 million copies of the Bible have been reprinted throughout the country, while more than 40 seminaries and religious schools have been restored or built. On the basis of equality and friendship, various Chinese religious communities have established more and more extensive friendly relations with their foreign counterparts and religious figures the world over.

Generally speaking, the government's administration of religious affairs and religious communities' activities has been brought back to the correct track of handling religious affairs according to laws and policies. Both religious circles and believers feel satisfied with the implementation of the policy on freedom of religious belief. They are taking an active part in furthering socialist modernization, and quite a few have become model workers and advanced individuals.

Attitude Toward Religion Should Be Changed

Q: What are the problems and difficulties in the implementation of religious policies? And what are the government's solutions?

A: With the increasingly extensive conducting of religious activities and the gradual improvement of the socialist legal system, it is widely believed that China should have a law on religion. Preparations for religious legislation have already begun. In addition, all errors and mistakes committed in the process of implementing policies on religious affairs are to be seriously dealt with earnestly. These include problems left over from the "cultural revolution," such as the occupation by non-religious departments of property belonging to religious communities.

I think religion is more than a belief. It involves philosophy, culture and art. As in the past, some people still have a prejudice against religion. They see only its

negative aspects but not their positive role. This represents a major ideological barrier to correctly understanding and handling religious problems. This is also a major ideological barrier obstructing the implementation of policies on religious affairs. Therefore, there is a need to change the attitude of cadres and non-believers and help them acquire a correct understanding of religion.

Politically and economically, Chinese religious converts and non-believers share the same basic interests. Their common aspiration is to build China into a modern socialist country. Their common aspiration is to build China into a modern socialist country. There are many positive things in religious doctrines. For example, they call on their believers to love their motherland and abide by the law, to be independent and well-behaved, and to serve the community. All these are identical with socialist ethics and codes of conduct. It is a different thing if a few engage in illegal activities under the guise of religion. This should not be dealt with in the same way as sincere religious activities.

As for those aspects of religion that fall out of step with the times, they should be dealt with through the self-restraint of religious circles. In our country, each religious community has its own rules and doctrines to go by. For example, recently at a national representative conference Chinese Buddhist monks decided to abandon the traditional rite of dianba (burning spots on a shaved head) which had been observed for more than a millennium. Religious circles have also put forward some new viewpoints which run against neither their doctrines nor social reality, and which demonstrate the particularity of Chinese religion. For example, Buddhism has always placed hope on the next life, advising its believers to "swim across to the opposite bank" to seek a better life. President Zhao Puchu of the China Buddhists' Association and his predecessors have always advocated the concept of "religion on earth," holding that Buddhist doctrine should be combined with the present reality and Buddhist believers should work for the good of human society. These ideas have been highly acclaimed in Buddhist circles. Chinese Christians, adhering to their creed of "glorifying the God and benefiting mankind," have tried their best to serve society. All this shows that some of the religious doctrines are in tune with the needs of society.

Relations Between the Government and Religious Circles

Q: What is your opinion on the relations between the government and religious circles?

A: The State Council Religious Affairs Bureau heads up various sub-bureaus and offices lower down in an organization responsible for administering religious affairs. Their main functions are to carry out policy, administer religious affairs according to law, coordinate relations between religious circles and other social entities, and

unite religious devotees to participate in the construction of the motherland together with non-believers. At present, relations between the government and religious circles are good. Departments in charge of religious affairs regularly report on their work to religious circles, soliciting their opinions and criticisms, at sessions of the people's congress and Chinese People's Political Consultative Conference or at other occasions. Discussions with religious circles are held before any important decision is made. That is why the government's religious work has been so successful.

Q: Some foreign friends think the management of religious affairs by a state agency will lead to "government manipulation" of religion. What is your opinion?

A: This is a misunderstanding.

As a matter of fact, every country in the world exercises whatever management over religious affairs it thinks necessary. China's religious groups such as churches are made up of religious believers. They are not subsidiaries of any government department in charge of religious affairs. Their functions are to help the government implement the policy on religious freedom, represent and protect the legal interests of their followers, and to organize religious activities. Their financial sources include believers' donations, revenues from their property and labour as well as government subsidies. All religious organizations operate according to articles of association passed at conferences of their representatives. The government does not meddle so long as these religious groups keep their activities within the limits of the Constitution, the country's laws and the government's policies. The government only helps and assists them to independently conduct religious activities within the limits of the Constitution, laws and policies. For example, the return to religious organizations of property taken over by non-religious organizations during the "cultural revolution" can be smoothly accomplished with the help of government departments, whose assistance is also required for the restoration, repair and construction of religious monuments, buildings and so on. Of course, work of this nature and the legal system should be further improved so that both the government and religious circles will function better.

Places of Religious Activities

Q: The Chinese government stipulates that religious organizations and individuals are not allowed to conduct religious propaganda except in prescribed venues for religious activities. Likewise, it rules, non-believers are not allowed to advocate atheism at such places. Some foreign friends ask if this stipulation means discouraging people from believing in religion?

A: This stipulation was made in light of social reality. China is a country with a big population and many religions, each of which is divided into a number of different sects. Compared with the population as a

whole, however, religious believers are a minority while non-believers are the majority. The Chinese government allows neither preaching religion in places other than venues of religious activities nor advocating atheism at such venues only to prevent possible disputes or conflicts between believers and non-believers or between different sects. In fact, this stipulation has not only helped maintain stability and unity in the country but also protected freedom of religious belief. It does not discourage religious belief in the least. Since each and every Chinese citizen is free to visit places of religious activities, to attend religious gatherings and to know about religion, he or she is free to believe or not to believe in a religion, and to believe this or that doctrine.

No Interference From Outside

Q: The Constitution stipulates: "Religious bodies and religious affairs are not subject to any foreign domination." What does this mean?

A: This means that China's religious affairs must be handled by Chinese themselves, free from interference and control by outside influences. This also means to say that Chinese religious bodies adhere to the principle of independence, keeping the initiative in their own hands and handling religious affairs on their own. A case in point is that of Chinese Christians who are self-governing, self-supporting and self-propagating. For example, all religious working personnel are Chinese; all religious affairs are handled by Chinese believers, and all the financial affairs of a religious community are managed by its own believers. All the doctrines are characteristically Chinese, say, in theological ideas, artistic expression and rites of worship.

Of course, this does not mean Chinese religious bodies refuse to establish relations with their foreign counterparts on a basis of equality and friendship. Chinese religious bodies would like to establish such ties so long as their foreign counterparts respect the Chinese Constitution and laws and respect Chinese religious bodies' principles of independence, keeping the initiative in their hands and handling religious affairs on their own. As a matter of fact, such relations have been expanding rapidly in recent years. Chinese religious bodies would like to receive aid from abroad so long as it has no conditions attached for interfering in China's internal affairs, including religious matters.

Ties Between China and Vatican

Q: What do you see as a prospect in relations between China and the Vatican?

A: The Chinese government's consistent stand is: so long as the Vatican recognizes the government of the People's Republic of China as the sole legal government of China, severs its "diplomatic" relations with Taiwan, and stops interfering in China's internal affairs (including the

internal affairs of Chinese Catholicism), there is a possibility that China can improve relations with the Vatican. Chinese Catholic circles hold that the Chinese Catholic church believes in the bible, like its foreign counterparts. Their beliefs are identical and they are equal. Even as their relations improve, the Chinese Catholic community will continue to adhere to the principle of independence, keeping the initiative in its own hands and independent administration. They will continue to be equal in their relations, with neither side subordinate to the other.

Policy Toward Religious Communities in Hong Kong and Macao

Q: When China re-establishes sovereignty over Hong Kong and Macao according to the "one country, two systems" concept, what religious policy will the Chinese government adopt towards these two regions? What about the relations between the mainland's religious communities and their counterparts in these two regions?

A: According to the joint declarations on Hong Kong and Macao signed between the Chinese and British governments and between the Chinese and Portuguese governments, when the Chinese government resumes the exercise of its sovereignty over these two regions according to the "one country, two systems" concept, the right of the citizens of the two regions to religious beliefs will be fully guaranteed. Religious bodies there will continue to run their own schools, hospitals and other welfare facilities. Religious organizations in the two regions and the mainland may establish relations on the basis of the principle of neither one being subordinate to the other, non-interference in each other's internal affairs and mutual respect. Religious organizations on the mainland will not meddle in the internal affairs of their Hong Kong and Macao counterparts and will not act or operate in these two regions as they do on the mainland. Nor will religious organizations in these two regions advocate their ideas and practices on the mainland. Each should respect the other's characteristics, and they should contact each other on the basis of equality and friendship.

No Judaism in China

Q: Some of our readers ask if there is Judaism in China. Would you please say something about it.

A: Around the 11th Century, a group of Jews followed the "Silk Road," came to Kaifeng, then the Song capital and settled there. They have since worked, lived and inter-married with local Chinese and gradually absorbed the local customs and habits. They now share the same religious beliefs, customs and language with local Chinese. Today, there are no Jews as a nationality and no Judaism around the area of Kaifeng.

Science & Technology

Report Updates Daya Bay Plant Progress

HK2108071089 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1013 GMT 20 Aug 89

[Report by Luo Ping (7482 1627): "The Construction Project of the Daya Bay Nuclear Power Plant Makes Smooth Progress"—ZHONGGUO TONGXUN SHE headline]

[Text] Hong Kong, 20 Aug (ZHONGGUO TONGXUN SHE)—Various design, equipment manufacturing, and construction projects of the Daya Bay Nuclear Power Plant, the first nuclear plant built by a Sino-foreign venture in China, have been making smooth progress since last year. The civil engineering project has reached its peak and the work of installing equipment will begin within this year. The first group of backbone personnel responsible for the operation of the nuclear power plant is now being trained in France. All aspects of the projects are advancing according to the schedule.

The nuclear island project is making steady progress. The large globe-shaped safety shell of the first reactor has been erected, and the complicated internal structure of this solidly-built safety shell will soon be completed. Three water tanks for maintaining the safe operation of the power plant have been delivered to the construction site from France and have been installed.

The construction of the second reactor's plant is being advanced slightly ahead of schedule, and the construction of the safety shell is being smoothly conducted. The steel internal layer has been built and is 18 meters tall. The plant for handling nuclear fuel and the plant for supporting nuclear equipment are also being built smoothly. The two nuclear reactors are equipped with diesel generators for emergency use, and the oil tanks for these generators have also been installed.

The projects related to the conventional islands have also advanced smoothly. Each conventional island will be equipped with a 90-billion-kilowatt turbogenerator. The concrete structure project of the first turbine plant has been completed, and the foundation for the turbogenerator and the steel structure of the roof will soon be completed. At the same time, the project of the second turbine plant has been started.

There will be some pumps for taking sea water to the condensers near the conventional island, and the first pump house will soon be completed.

Now, the makeshift moles of the nuclear power plant are being expanded, and three permanent moles will be built. The eastern mole will be 560 meters long, and will stretch into Daya Bay. The moles will protect the whole site from the impact of typhoons. In addition, an equipment wharf has been built inside the eastern mole for discharging the

heavy-duty equipment successively delivered from Europe, and the wharf has been put into operation. The other two moles are also under construction.

The relevant construction companies and suppliers are now busy advancing the projects. The installation of the nuclear island was contracted to Famatong [3127 7456 6639] Group, and No.2 Company and No.3 Company of the Nuclear Industrial Corporation are sub-contractors. The installation works on the conventional islands are contracted to the Shandong Power Construction Company with the General Turbogenerator Company of Britain as the technical adviser. The installation works of the supporting projects are contracted to the Northeast Power Construction Company. They have now all arrived at the construction site and begun the preparatory works.

There is strict supervision over quality control and guarantee. The Guangdong Nuclear Power Joint Company has set up a quality guarantee station to exercise general supervision over every project in the nuclear power station. From 1987 to May this year, the quality guarantee station carried out more than 60 overall inspections and 1,748 routine checks in the main plants of the nuclear island, the conventional islands, and the supporting facilities, where the HCCM Nuclear Power Construction Joint Company is responsible for the civil engineering projects. Bokede [2672 0344 1795] Company of the United States acts as quality guarantee adviser to the Guangdong Nuclear Power Joint Company, and has sent nine quality guarantee engineers to assist the quality guarantee work of the joint company.

As for training, all the 115 engineers responsible for the operation, maintenance, and security of the nuclear power station are key personnel, who must receive training for not less than 3 years and must take training courses in five stages. The first group of 47 trainees have begun their fourth-stage training in France. Other trainees are receiving other training courses in Europe and are learning the operation of various equipment in the plants of the suppliers.

State Council Reaffirms Spark Program

OW1408213289 Beijing Domestic Service in Mandarin
0930 GMT 9 Aug 89

[Report by station reporter Yang Shiguang from the "National Hookup" program]

[Text] This reporter has learned from the State Science and Technology Commission that leading comrades of the State Council recently reaffirmed the role of the Spark Program. The leaders consider it to be a very good program that should be given continued support.

The Spark Program is a program for promoting economic development in the rural areas. Since its inception in 1986, marked successes have been achieved. Currently, over 2,000 counties and cities nationwide have

implemented this program, scoring an increase in output value of over 13.9 billion yuan, yielding 3.6 billion yuan in profits and taxes, and earning foreign exchange worth \$1.6 billions. In addition, the program has helped to train over 3 million technicians and managers for the countryside, thus initially establishing some industrial groups and social service organizations.

The Spark Program has been able to win the attention of all sectors and has developed steadily because of the following characteristics:

First, the Spark Program projects in medium and small rural enterprises, as well as township and township enterprises, are based mainly on technical development and rely heavily on scientific and technical units.

Second, the program is based on local resources and aimed at key industries. It promotes all-round industrial development, and closely integrates the three aspects of the market, technology, and resources. This not effectively alleviates the dilemma of township and town enterprises having to compete with large and medium enterprises for resources, but also establishes the interdependent relations of cooperation between them.

Third, the Spark Program stresses overall benefits and clearly stipulates that attention be paid to environmental protection and elimination of pollution. Priorities are given to projects which help eliminate pollution and protect resources.

Fourth, the program insists on paying equally close attention to technical development and scientific management, placing emphasis on sound management for profits.

To further the implementation of the "Spark Program," 320 state-level projects are being planned this year to improve the structure for scientific and technical services, and to step up the development of industrial groups, industrial associations, and Spark Program-intensive areas.

Cities Develop Additional Science Parks

HK2108083989 Beijing RENMIN RIBAO in Chinese
16 Aug 89 p 2

[XINHUA report by Liu Xinxin (0491 2946 2946): "Science Parks and Zones Have Been Set Up in Over 20 Cities in China"]

[Text] Shenyang, 15 Aug—For the past year all types of high tech industrial development zones have been set up in over 20 cities in the country. Some people in scientific and technological circles pointed out that these "small-scale Silicon Valleys" were in the ascendant and would serve as cradles for China's high tech industrialization.

Building scientific and technological development zones is a major experiment in developing the country's high tech industry by learning from foreign experience. The Beijing high tech development and experimental zone has made encouraging progress since it was approved by the State Council in May last year. A national seminar on high tech development that concluded in Shenyang today, revealed that many localities had built "small-scale Silicon Valleys" that can save investment and produce good results. This indicates that there are bright prospects for the development of the high tech industry.

These high tech development zones have formed new management modes for the purpose of setting up a flexible operational mechanism for high tech enterprises. The Beijing high tech development and experimental zone is using economic and legal methods to exercise indirect macromanagement over enterprises, and is at the same time developing all kinds of intermediate organizations to serve enterprises and help them solve their problems. For example, it has set up an import and export company to facilitate imports and exports for enterprises, and has run a real estate exchange center to solve production and operational sites for enterprises. Management system reform has speeded up the improvement of this high tech experimental zone. Over the past year new high tech enterprises in this experimental zone have increased fourfold over the original number, and its professionals now amount to 16,000, an increase of 160 percent.

Communications Plan Nears Completion
OW1408111789 Beijing XINHUA in English
0109 GMT 14 Aug 89

[Text] Beijing, August 14 (XINHUA)—China is speeding up the construction of highways and waterways, today's "CHINA DAILY" quoted Chen Suoxiang, an official from the Ministry of Communications, as saying.

China is making efforts to carry out a communication comprehensive plan scheduled for completion next year, which includes 180 research projects in 14 categories. It is expected to provide critical advanced technology and equipment for the network of highways, waterways and communications hubs, said Chen.

The highway network includes 12 major highways with a total length of 20,000 to 25,000 kilometers, linking all major cities, industrial centers, communication hubs and ports in the country.

The findings of 49 research projects have been applied to the construction of highways and ports, bridges and river transport, Chen said.

For instance, the newly developed technology to build rigid and high-traction pavement of bitumen has greatly improved the efficiency of the construction of the Shenyang-Dalian expressway in northeastern China and the Beijing-Tianjin-Tanggu expressway.

Chen said the entire 375-kilometer Shenyang-Dalian expressway will certainly be finished by the end of next year with the help of the new technology.

The technology also has accelerated construction of the 142.69-kilometer Beijing-Tianjin-Tanggu expressway. By the end of June, the construction of all three parts of the expressway had surpassed the 1989 half-year plan. The Beijing section of the expressway is in the road pavement stage.

Chen said the new technology will also save 10 percent of the costs on the two projects.

A new way of placing a motor-driven ship at the back of a barge fleet to push the barges forward has been adopted by all transporters of big bulk cargoes, such as coal and minerals.

This has helped increase the transportation efficiency by 5 percent and has lowered transportation costs by 10 percent and loading and unloading costs by 15 percent, he said.

Military

Navy Modernizes Missile-Bearing Vessels
OW1608223989 Beijing XINHUA in English
0829 GMT 16 Aug 89

[Text] Beijing, August 16 (XINHUA)—China is developing and manufacturing the latest types of guided missile boat, guided missile escort, guided missile destroyer, hunter-killer chaser, torpedo submarine and mine sweeper, with an aim to raising the attack and defense capabilities of its naval forces up to world level, sources from the China State Shipbuilding Corporation (CSSC) said here today.

Despite a reduction in national defense spending, China is striving to modernize its naval forces with more updated missile-carrying vessels.

"The manufacture of vessels with missile attack capability symbolizes that the combat ships of China's naval forces are entering a stage of modernization and automation," said CSSC sources who did not want to be identified.

With this, the development of China's first generation of naval vessels has been concluded and the manufacture of new vessels is now in full swing, they said.

So far, a CSSC official said, China has successfully developed new types of torpedo submarine, anti-submarine escort, guided missile destroyer, guided missile boat and guided missile escort. Some are being mass produced.

The vessels, incorporating China's latest technology, are furnished with satellite navigation equipment and updated electronics, artillery, missiles, command and power systems.

"The successful manufacture of these ships has greatly elevated the combat capabilities of China's naval forces," the official added.

Currently China's shipbuilding industry is refitting some guided missile destroyers and escorts with advanced weaponry and other equipment. After being equipped with helicopters, fire control systems and other devices, the first Chinese-made guided missile destroyer is said to be close to the level of warships of the same kind in developed countries. Its reconnaissance and anti-submarine capabilities are greatly enhanced.

Boasting a fleet of over 6,000 vessels totalling one million dwt, China is one of the world's few countries with underwater nuclear attack capabilities and the third, after the United States and the Soviet Union, to have an ocean target fleet.

Sources from the China State Shipbuilding Corporation said that China is also building and revamping warships for some Third World countries but they did not give the details.

Now Chinese-made warships, auxiliary ships and other equipment are edging into the international market. Exports include guided missile escorts, torpedo submarines, hunter-killer chasers, guided missile boats, torpedo boats, 400-dwt patrol boats and training vessels.

Army Establishes Accounting System
OW1608194689 Beijing XINHUA in English
0624 GMT 16 Aug 89

[Text] Beijing, August 16 (XINHUA)—The People's Liberation Army [PLA] is setting up its own financial accounting system in order to manage limited military funds more efficiently, today's "CHINA DAILY" reported.

The move is partly designed to stop civilian agencies from sidestepping the country's credit controls by making use of military accounts.

The Haidian Branch of the China Industrial and Commercial Bank (CICB) and the PLA's General Logistics Department earlier this month opened the country's first military financial accounting center in Beijing.

Eventually, the department's Beijing headquarters and logistics departments in the country's seven military areas will all set up accounting centers to gain overall control over financial disbursement and accounting in military departments at all levels.

After these accounting centers are in place, the special military accounts set up through CICB will be dissolved. Financial exchanges among military departments and all department deposits and loans will be handled through the centers, the paper said.

The new military accounting system will replace the one that military officials consider inadequate, particularly under the state's tight budget and credit policies.

The major tasks of the accounting centers will be to ensure more control over military finances.

Article Examines Military Industry Development
HK1508024189 Beijing JINGJI GUANLI in Chinese
No 6, Jun 89 pp 21-24

[Article by Xu Zhiwu (6079 6347 2976): "Modes of Development for the Military Industry"—edited by Shen Zhiyu (3088 1807 3342)]

[Text] The military industry refers to industrial departments under the national defense system that are responsible for the provision of weapons and equipment, and military supplies and services. The military industry is an independent and special industrial system with its own technological base, production equipment, management organization, and supply and marketing channels. It has ties and points in common with ordinary civilian industries as well as its own characteristics. Its establishment has a lot to do with the international situation under given historical conditions, in addition to the state's defense strategy and economic and technical levels.

As an important component of the national economy, the military industry has a dual task in the new period of socialist construction, when the country is confronted with new changes in the international situation. On the one hand, it has to protect socialist construction. On the other hand, it has to fully bring into play its role and superiority as an advanced agent to promote technological advancement and economic construction. This is the basic guiding ideology that shapes the modes of development for China's socialist military industry.

1. Concept of an Open, "Externally-Oriented, Development-Type" System of Military Industry

The military industry system to be established depends not only on the world and domestic situation, but also on the state's strategic guidelines and national defense development strategy.

Following the founding of the People's Republic, China began to establish a massive military research and industrial structure under the guiding ideology of "going all-out to fight a nuclear war at an early date." This decision was based on China's basic judgement of the war situation. In the 1960s, China carried out large-scale military construction on many occasions. As a result, the military industry accumulated considerable equipment, technology, and manpower, and built up its research and production capability. However, the military industry system thus established was basically a closed "internally-oriented" system. Despite the fact that huge amounts had been injected into the system, the military industry not only had not promoted the development of the national economy, but had added to the burdens of the state.

As the reform of the economic structure intensified, the military industry enterprises and research units began developing technologies for civilian application and producing civilian products as a means of putting an end to the lopsided development of the military industry, and achieved notable results. China's military industry gradually changed from the former closed "internally-oriented" system into a military-civilian system which combines military with civilian needs and wartime with peacetime needs, and which seeks to develop military production by developing civilian production. This system will no doubt greatly benefit the development of defense and economic construction.

However, this military-civilian system is still beset with problems. The principal manifestations of these problems are as follows: First, in the course of changing to another mode of production, many military industry enterprises placed their emphasis on the development and production of civilian products. In fact, most of them did so by starting new establishments and increasing investment. They duplicated the production of low-technology, inferior goods for everyday consumption, and did not give full scope to their existing technology and equipment. Second, when switching to civilian production, many military industry enterprises did not try to develop new products in light of their special skills and strong points. Instead, they went about "looking for rice to put into their pot" and competed with existing civilian enterprises for production orders. Some enterprises had special military production lines which were difficult to convert and which simply could not be used to produce civilian products. Third, most military industry enterprises concentrated their efforts on the development and production of traditional civilian products, and did not pay much attention to developing products involving new technology and high technology. Fourth, most military industry enterprises relied on state investment to develop the production of civilian products. Very few of them relied on themselves for funding. This is not conducive to overcoming the current shortage of funds and curbing the excessive growth of investment. Fifth, a great deal of the advanced scientific and technological achievements for military

use had not been converted to civilian application, and only a few of these technologies were actually used in the sphere of civilian production. Also, the military industry enterprises and research institutions had not done enough to try to make use of civilian technologies. Sixth, despite repeated readjustments, the management system of the military industry and the organizational structure of enterprises were still beset with the maladies of the conventional system and were still subject to administrative interference.

It is obvious that in order to meet the challenge of the new technological revolution and meet the needs of the development of defense and economic construction in the new period, we must establish an open "externally-oriented, development-type" military industry system.

The "open" military industry system is so called to distinguish this system from the traditional "closed" military industry system. It stresses that the military industry must open itself to the whole country. In this way, it will be possible to truly incorporate military industry into the national economic structure and bring about a benign cycle of defense construction and economic development. It also suggests that military industry must open itself to the outside world so that it will become part of the large environment of the international economy.

The "externally-oriented" military industry system is so called to distinguish this system from the traditional "internally-oriented" system which only emphasized construction and development within the military industry itself. It stresses that military and civilian industries should be merged to form a dual-purpose military-civilian system which realizes the compatibility between military and civilian production, with military production leading civilian production, military needs being taken into consideration when developing civilian production, and civilian production promoting military production.

The "development-type" military industry system is so called to distinguish this system from the traditional system which solely involved military production. It stresses that the military industry not only should continuously strive to develop new weapons and equipment, but should play a leading role in developing new technologies, high technologies, new industries and export products, and become an important base for new technologies, high technologies, and the development and production of new- and high-technology products.

In China, the establishment of an open "externally-oriented, development-type" military industry system is not only essential, but entirely possible.

First, with science and technology advancing by leaps and bounds, new technologies and new products are constantly emerging. In order to raise their international standing and safeguard their national security, countries

the world over will always apply the most advanced technologies and their latest scientific and technological achievements in the military field. Thus, while it is possible to differentiate between advanced domestic standards and advanced international standards in the application of civilian technologies, there is only one standard as far as military technology is, and that is the international standard. In other words, the test of strength in terms of military technology can only be a test of strength in the international arena. When developing military technology, we must strive to keep up with the international standard. Thus, it is essential in the military industry that we open the country to the outside world.

Second, as practice in different countries shows, there are no more than three alternatives for achieving the modernization of national defense. The first alternative is for the state to directly invest in defense construction, as in the case of the Soviet Union, which gives priority to military production and develops military production at the expense of civilian production. The second alternative is to develop defense capabilities indirectly through strengthening the economy and stepping up the development of science and technology, as in the case of countries like Japan, which follow the policy of making the country rich before building up its military power. The third alternative is to have defense construction and economic, scientific, and technological development proceed side by side. This road of combining military and civilian production, with military production leading civilian production and civilian production promoting military production, is the mode of development adopted by most countries. Among these three alternatives, the prerequisite for the first mode is that the country be economically and technologically well developed and have a powerful economic base. This mode is obviously not suitable to China. Any country which adopts the second mode must have military protection from another country and must have well-developed science and technology that will enable it to switch to military production at any time. Judging from the actual situation in our country, we can only take the road of combining military and civilian production, with military production leading civilian production and civilian production promoting military production.

Third, in terms of the strength of our military industry, we have, after nearly 40 years of development, built up a force comprising hundreds of military industry enterprises and research units and several million staff and workers, and have in our possession fairly advanced technological equipment and large numbers of excellent scientific and technological personnel. If we assign a considerable part of this force to the traditional industries and to the production of traditional industrial products, the existing civilian enterprises would be affected to some extent. On the other hand, we would be robbing the high-technology industries of their opportunity to develop high-technology products and earn foreign exchange through the export of these products.

Thus, we must make full use of the superiority enjoyed by the military industry enterprises, and blaze a new trail by developing new technologies and earning foreign exchange through exports.

Fourth, as the present military industry system shows, there are still many imperfections, although the method of transferring military technology to civilian use and combining military and civilian production has been practiced for nearly 10 years. If the combination of military and civilian production is only carried out in a restricted sense, with military industry enterprises switching to civilian production and developing civilian products but not paying any attention to making military and civilian technologies promote each other, long-term development will be adversely affected. The present so-called "military-civilian" system of our military industry is no more than a transitional system. It should be developed into an open "externally-oriented, development-type" system.

Fifth, viewed from the perspective of improving military, scientific and technological, and economic benefits, modern military competition which comes on the heel of technological advancement will be a competition of military, scientific, technological, political, and economic strength combined. In defense construction, the characteristics of an externally-oriented development are already showing. In order to improve China's international standing and ensure that our defense construction not only will protect economic construction but will serve and be subject to economic construction, we must adopt a policy of comprehensive development. Taken as a whole, our economic, scientific, and technological level is lagging far behind that in the developed countries. In terms of military technology, we have in our possession fairly sophisticated weapons and equipment, but our conventional weapons are rather backward. The objective situation is such that we must further strengthen defense construction while striving to step up scientific, technological, and economic development, and bring into play the military industry's stimulatory role.

2. Modes of Military-to-Civilian Development and Their Options

In developing an open, "externally-oriented, development-type" military industry system, a matter of crucial importance is to do a good job in developing military technology and transferring such technology to civilian use. This is what we mean by military-to-civilian development. It is another important issue that must be studied in our search for a mode of development for the military industry during the new period.

Seen from the development of military industry in different countries, there are three modes of military-to-civilian development.

1. The mode of simultaneous development of military and civilian technologies and products.

The characteristics of this mode of development is that it merges the military industry with the overall national economy and develops corresponding civilian technology and products as military technologies and products are developed. It covers two aspects: the development of technology and products for both military and civilian use, and the simultaneous development of military and civilian technologies and products. The emphasis may be on the development of military and civilian products.

Many modern technologies and products are suitable for both military and civilian use. For instance, electronic computers, man-made satellites, and carrier rockets for military use and for civilian use may be developed simultaneously. There are some military technologies and products which, while being developed, allow many other civilian-use technologies and products to be developed at the same time. The development of military aircraft and missiles, for instance, will involve many new materials which are suitable for civilian application and can be transferred to civilian use. The U.S. "Star Wars program," for one, is a complicated weapons system consisting of high-technology equipment as well as a combination of many high technologies which can be utilized in civilian fields. Its realization will have important value not only in military terms, but also in terms of scientific, technological, and economic development. This is a typical example of the simultaneous development of military and civilian technologies. The "Eureka program" of Western Europe and the "program for the development of advanced science and technology" of the Soviet Union are both strategic programs for the simultaneous development of military and civilian technologies, which combine military, scientific, technological, political, and economic aspects.

2. The mode of tilted military-to-civilian development.

On the whole, this mode of development involves the independent development of the military industry, science, and technology. In accordance with the principle of giving priority to the military, newly developed military technologies and products are first put into military application and used to arm the troops before they are transferred to civilian use and popularized.

The mode of tilted military-to-civilian development is usually adopted in special historical periods, for instance, in times of war or when the international situation is tense. In the past, under the strategic guideline of "going all-out to fight a nuclear war at an early date," we basically adopted this mode in our effort to speed up the development of the military industry and of science and technology. The practice of transferring military technology to civilian use in recent years is also based on this mode. It has played an important role in pushing forward defense construction, but its role in

promoting the development of the national economy is rather limited. In order to meet the needs of national construction in the new period, we should change this mode of development.

3. The mode of combined military-to-civilian development.

This is also a mode of development which combines military and civilian production. It has the strong points of the two modes mentioned above. Taking into account the world situation and the economic, scientific, technological, and military strength and level of a country, and based on the characteristics of various military technologies and products, military technologies and products are divided into two groups: One group is those technologies and products which are directly related or have points in common with civilian technologies and products or which may be used interchangeably; the other group is those which are quite different from civilian technologies and products. With the first group, the mode of simultaneous development should be adopted as much as possible if the country's economic strength and technological level permit. With the second group, the tilted mode of development should be adopted in the main. Thus, this is a flexible mode of development with a wide range of applicability.

The choice between these three modes of military-to-civilian development depends on the international standing of a country; its economic, scientific, technological, and military levels; and its goals of economic development. As things now stand in our country, the mode of combined development is perhaps more suitable.

After nearly 4 decades of defense construction and economic development, China has established a fairly solid foundation of the military industry and of science and technology. We have the ability to proceed with simultaneous military-to-civilian development up to a point. However, because the overall level of our economic, scientific, and technological development is not very high, we are not yet in a position to carry out full-scale simultaneous development on a full scale. In particular, we are not in a position to develop high-technology civilian products on a large scale due to various economic constraints. With some of the high and new technologies and their products, we can only adhere to the policy of first fulfilling the needs of the military. We have to wait until the economic conditions permit or when the time is ripe before transferring such technologies and products to civilian use. Because there is a fairly wide gap between the level of our economic, scientific, and technological development and the advanced world level, if we adopt the mode of tilted development which favors the military at the expense of the civilian, we will not only be unable to bring the role of military technologies into play, but will widen the aforementioned gap. Thus, at the present stage, we can only partially adopt the simultaneous development mode and partially adopt the tilted development mode, arranging their proportions in

a rational way. Because large quantities of civilian technologies and products will be developed in the course of the development of military technologies and products, this practice will be of great significance in enhancing the overall strength of our country.

In addition, as the development and production of civilian products shows, many of our civilian products with both military and civilian applications may be developed and produced alongside military products. Examples of these include civilian-use satellites and carrier rockets, satellite ground stations and their supporting equipment, nuclear power equipment, isotope, civilian aircraft, and blasting equipment. Many civilian products have production technologies fairly similar to those of military products. These include automobiles, railroad carriages, computers, integrated circuits, and communications equipment. These products may be developed and produced simultaneously with military products.

3. The Strategy for the Development of the Military Industry and its Change in Direction

In keeping with the open "externally-oriented, development-type" military industry system and the combined mode of military-to-civilian development, we need to make corresponding changes in the development strategy of our military industry.

In order to improve the military industry system, we must further define the three-tier structure of military industry enterprises during the new period, specifically, permanent military industry enterprises which are solely engaged in the production of military products, mobilization-type military industry enterprises, and civilian enterprises. In times of peace, permanent military industry enterprises and research units shall mainly be engaged in the development of military technologies and the production of military products. Their basic task shall be to provide the Armed Forces with new weapons and equipment, buy and sell military supplies for the state, and promote technological advancement. Mobilization-type military industry enterprises and research units shall, in times of peace, mainly be engaged in the development and production of civilian technologies and products, and share the task of producing military products, but should be capable of swiftly switching to military production in times of war. Civilian enterprises shall, in times of peace, mainly be engaged in the production of civilian products. However, during war-time, they may, on the basis of need, be required to switch to military production. Based on this concept, we should, in accordance with needs, retain some of the existing military industry enterprises and research units so that they can fulfill the basic tasks of the military industry while allowing others to partially change their line of production or totally switch to civilian production. These require overall arrangements by the state.

The management system and management method of the military industry should also be improved on three management levels. On the macro-level, we should adhere to the principle of exercising unified leadership over the research and production of military products, while at the same time allowing an appropriate degree of relaxation. In other words, tasks of military research and production should be subject to the unified leadership of the state, but restrictions on military industry enterprises and research units should be suitably relaxed and a market for military products should be established and improved so as to create the necessary conditions for the development of civilian technologies. On the micro-level, we should promote the transfer of military technologies to civilian use and vice versa, as well as the simultaneous development of military and civilian technologies by further developing military-civilian enterprise groups (particularly research-production alliances) of military industry enterprises, research units, and civilian enterprises, and bringing about the merger of enterprises. On the actual production level, it is possible to adopt a method whereby some production procedures are combined for both military and civilian products, while other procedures are separate. For example, the United States has adopted the following methods in handling military and civilian technologies: designing military aircraft and civilian aircraft separately but letting one and the same department produce them; producing spare parts for both military and civilian products together but assembling them separately; and keeping the software of military computers confidential, to be manufactured separately from civilian versions, while hardware, which is not subject to a code of confidentiality, may be manufactured together with civilian products. These are methods that are worth learning from.

The strategic guideline for the future development of our military industry should be to safeguard national security and modernize national defense on the one hand, and to promote the development of the national economy on the other. Our strategic objective should be to modernize conventional weapons as quickly as possible so as to develop high-technology industries and revamp industries that employ traditional technologies. Our strategic emphasis should be to develop high- and new-technology industries and products (including military and civilian products), and push forward and promote the revamping of traditional industries. To this end, we should adopt the following concrete strategic measures:

1. We should rationally allocate and utilize funds for the promotion of the military industry so as to achieve optimum results with our limited funds, and should strive to increase the self-expansion capacity of the military industry as much as possible.
2. We should follow the developments of high-technology, particularly military high-technology, in the world, and make a continuous effort to develop advanced military equipment and arm our forces with such equipment.

3. We should simultaneously develop technologies with both military and civilian applications and technologies for military and civilian use. We should also do a good job in transferring the research achievements and technologies of the military industry to civilian production at an appropriate time, and absorb useful civilian technologies and make use of them in the development and production of military products.

4. We should strive to develop high-technology industry and products so as to boost the development of new industries and the revamping of traditional industries.

5. We should energetically expand the production of civilian products for export, as well as the production of import substitutes for civilian products.

6. We should establish extensive ties with international markets and expand the export of military technologies and products while importing advanced military technologies and certain military supplies. Military technologies that involve huge expenses, high technological requirements, and great risks may be developed jointly with foreign governments or factories.

7. We should selectively readjust or revamp the existing military production lines. Those essential production lines that cannot be converted easily should be retained, as should those special production lines for the research and development of military products, for the production of export goods, and for equipping the Armed Forces. Production lines that may be used for both military and civilian production should be revamped. Also, we should strive to develop cooperation between specialized departments in the production of military products, and extend the scope of such cooperation to civilian enterprises.

8. On the choice of direction for the development of civilian products, we should avoid simply going after increases in consumption goods for everyday use. Instead, we should, considering the strong points and advantages of military industry enterprises, make the best of the existing foundation, and develop and produce civilian products by adhering to the principle of the combination of technology guidance and market guidance, with the former playing the leading role.

Economic and Agricultural

LIAOWANG Views Inflation Outlook

HK1608130189 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 32, 7 Aug 89 pp 6-8

[Article by Li Youpeng (2621 3945 7720): "Price Outlook in the Mainland Market"]

[Text] Accompanying the implementation of various measures for rectification and improvement in the country is China's improved and improving macroeconomic situation. In the first half of this year, the trend of

a rapid price increase was under control to some extent, and the increase in the retail price index and the residents' living expense price index continued to slow down month after month. When the first 5 months were compared with the same period of last year, the residents' living expense price index increased by 30.4 percent, 31.7 percent, 28.8 percent, 27.1 percent, and 25.2 percent, respectively. It is expected that the retail price index will increase by 25 percent, of which the aftereffect [5062 1442 1572] factor accounts for 18.5 percent, and the new price increase factor, 6.5 percent. Looking at the overall situation, the entire trend of the price index seems to be increasing, but stabilizing.

The Characteristics of Prices in the Market in the First Half of This Year Compared with the past few years, in the first half of this year there were some changes in market prices, reflected by the following points, which are noteworthy:

First, beginning in February of this year, the retail price index for rural areas surpassed that of the urban areas month after month. Compared with the same period of last year, the May price index for the rural areas increased by 24.8 percent, while the price index for the urban areas increased by 23.5 percent. This situation is different from the situation of several years ago when the retail price index for the urban areas was obviously higher than that for the rural areas. In the first half of last year, there was a 14.5 percent increase in the retail price index for urban areas, and a 11.5 percent increase for rural areas. The main reason for this situation was that last year's price increase for the urban areas was comparatively bigger, with a higher starting point, and that various urban governments increased financial subsidies to realize the predetermined goal of stabilizing prices.

Second, the price index of state-run businesses was higher than the price index of consumption goods in the trade market. In February, it was 1.1 percent higher; in March, 7.5 percent higher; and in April, 5 percent higher, whereas in the first half of last year, the price index of consumption goods in the trade market was 12.5 percent higher than the price index of state-run businesses. This change was mainly due to the lifting of the restriction on the prices of four sideline foodstuffs, such as meat, eggs, and sugar, causing stagnation in state-run businesses. Furthermore, after implementation of the management contract system within the state-run businesses, their ability to regulate prices was no longer strong.

Third, the increase in the price index of industrial consumer goods had reached or even surpassed the increase of the price of sideline foodstuffs, and became the major driving force for new price increases in retail commodities in the market. Several years ago, price increases were mainly motivated by the increase in food prices. In the first half of last year, the overall price index for consumer goods increased by 12.5 percent, while the price index of foodstuffs increased by 16.4 percent. From this February through May, the overall price index

of consumer goods increased by 29 percent, while the price index of foodstuffs increased by 28.5 percent; the price indexes of industrial consumer goods, such as clothes, recreational and cultural items, books and magazines, medicine, and construction materials were obviously higher than that of foodstuffs. This was due to the fact that the state provided a certain amount of subsidy to foodstuffs, and that the prices of industrial consumer goods were affected by price increases for means of industrial production.

The Main Price Problem in the Present Market

There was some good and bad news about the prices situation in the market in the first half of this year. Although the trend of price increases has been temporarily controlled, many problems have yet to be solved, and various pressures on market prices are great. From the viewpoint of strengthening market management and stabilizing prices, the following problems are worthy of attention:

- The key to controlling prices lies in improvement of the macroeconomic environment. But in the first half of this year, the work in reducing the scale of investment and controlling the consumption fund was unsatisfactory. The scale of loans kept expanding; up to the end of May, it had hit 1065 billion yuan, an addition of 9.8 billion yuan since early this year. The wages for workers also kept increasing; from January to May, the total amount of wage was 96.38 billion yuan, an increase of 24.6 percent compared with the same period of last year, and demand has caused great pressure for price increases.
- In the first half of this year, it was very obvious that costs pushed up prices, and that the cost of constant industrial products had increased greatly. In the first 5 months, the cost of constant industrial products increased by 18 percent, which was a 11.3-percent increase over the the same period last year. The trend of increase is visible in the whole country. Because industrial consumption goods are pressured hard by price increases for advanced products, many enterprises have come near to losing money or earning very little profits, and demanded strongly that prices be increased. Price increases induced by cost increases and its side-effects could be more difficult to deal with than the driving force generated by demand.
- Early this year, the policy of set maximum prices for the means of production of some industrial products could not be effectively implemented, and the prices of many products far surpassed the maximum prices, while various "flexible" methods appeared. Some people engaged in cooperative exchange and exchanged goods for goods, so as to avoid the restrictions on prices. Some people pretended to follow the maximum price rule, but in reality added huge amounts of management fees, transport fees, and other miscellaneous fees. If the maximum price rule is

not improved promptly and effective measures are not taken, the maximum price rule could become "a piece of paper with some useless words written on it." The circulation fee in the trade of production materials is forever increasing, and a certain degree of confusion and disorder still exists in the realm of circulation. Meanwhile, price increases for the machinery business in the first half of this year far surpassed price increases for raw materials and mining businesses, and the irrational price structure of means of production brought back the phenomenon of price parities.

- Strengthening price management is an important way to stabilize prices, but with the present relations of interests, local governments face the dilemma of choosing between stabilizing prices and raising prices to strengthen local finance. The first policy and goal of local governments could possibly be regional financial income and economic growth; they might adopt some measures which would safeguard income and sacrifice prices. Judging from the situation in the first half of this year, because price raising has a direct relationship with local interests, the actions of local governments raising prices have been obvious; in particular, for the locally produced products which would be sold in other localities, it would be difficult to prevent their prices from being raised at will or increased under disguise.
- To realize the goal of stabilized prices, financial subsidies in the first half of this year were greatly increased. According to a calculation, the mathematical relation between the expenditure of financial subsidies and price stabilization is that in order to decrease the price index by 1 percentage point, 100 million yuan of financial subsidy is needed. Whether prices can be stabilized depends to some extent on the ability to provide financial subsidy. Therefore, financial ability and its support for stabilizing prices, as well as an economical way of using the subsidy, deserve attention.

The Trend of Prices in the Market in the Second Half of This Year

Although the work in stabilizing prices in the first half of the year has achieved some results, even if the effect caused by the after-effect factor is excluded, the effect on the price index caused by actual inflation in the first half of this year reached 6.5 percent. If this level should be maintained in the second half of this year, whereas the after-effect factor roughly influences a 11.5-percent increase in the price index for the whole year, the increase in the price index for the whole year will be 18 percent; this figure is slightly lower than or similar to that of last year. However, judging from various practical situations, the trend of prices is still very grim in the second half of this year.

The trend of prices in the second half of this year is influenced by various factors, of which some are favorable and some are unfavorable. From an overall perspective, the unfavorable factor is the comparatively large

shortfall between total social demand and total supply; residents' social surplus constitutes 500 billion yuan in purchasing power. According to a preliminary calculation, this year, the difference between supply and demand of social commodities is roughly 80 billion yuan, and surplus purchasing power is prone to increase in the second half of this year; this will cause place a large amount of pressure on prices in the market in the second half of this year.

The conflict in the structure of supply and demand is still very profound. Production of the urgently needed industrial consumption goods in the market, and production and supply of means of production lack staying power; the shortfalls of the major commodities will be big in the second half of this year. The storage of the important consumption goods, such as grain, cotton, sugar, oil, and textile products is weak, and different shortfalls appear throughout the year. The conflict of supply and demand of the major means of production is also profound, and the situation of the unbalanced supply and demand of nonferrous metals, steel, and coal cannot be radically changed.

Because of the strict control of prices, many industrial consumption goods and primary industries have been losing money or earning very small profits. If financial subsidy cannot support them, and a price control is implemented, a tendency toward rebounded prices will result. In particular, for the mining industrial products, prices will possibly increase to some extent in the second half of the year, and become the driving force for price increases in the second half of the year.

In the first half of this year, the increase in foreign trade and export, and of foreign exchange income not generated from trade was very slight. It is predicted that imports in the second half of the year will also be unfavorably affected, which will not be conducive to using the international market to serve the domestic market, thus affecting the supply of the urgently demanded commodities in the country.

The main favorable conditions for stabilizing prices in the second half of the year are: Although panic-buying occurred several times in some areas, judging from the overall situation, since the political and economic situation in our country has gradually been stabilized, the panic of the residents has subsided. The recent situation indicates that the residents' activities of purchase, consumption, and storage have become basically normal.

The central authorities have made clear that the first policy and goal is to stabilize prices, and have adopted a series of measures for improvement. Local governments at various levels have started paying attention to prices in the market and begun grasping them. In particular, in a short-term period, the measures of maximum prices and financial subsidy will play an obvious role in regulating prices.

The situation of agricultural production is good. Summer grain harvest will possibly surpass the best record, while autumn grain is growing well. If there is no unexpected natural disasters in the second half of this year, it is possible that it will be a year of bumper harvest, which will provide a favorable basic condition for stabilizing prices.

There has been a good supply of such main sideline foodstuffs as meat and eggs, which have adequate storage and resources; in March, the amount of pork in storage in Beijing, Tianjin, and Shanghai reached 270,000 tons, which is beneficial to stabilizing prices in the second half of this year.

In some prefectures and cities, the "vegetable basket" project [cai lanzi 5475 4691 1311] has gained some results, and in the course of practice and exploration in the past few years, effective measures for stabilizing the market and regulating prices have been found.

The impact of last year's after-effect factor year on the price index for the second half of this year has been diminishing. The 18.5 percent in the first half of this year has dropped to the present 4.3 percent.

Judging from the overall situation, last year, price increases mainly occurred in July, August, and September, when the masses very strongly felt price increases in the market; in addition, at that moment, social panic was caused by the reform aimed at prices; panic-buying occurred and long lines appeared in front of banks. In the first half of this year, there was also a trend of inflation, but this trend has gradually weakened. In the second half of this year, so long as there is no serious sudden occurrence and no major price reform or adjustment item being launched, there will be no large-scale panic-buying or uncontrollable market prices. However, because there are many unstable factors affecting market prices, there will be many difficulties in controlling price increases to the extent that the rise does not exceed 6.5 percent in the second half of this year. In particular, in the fourth quarter, due to the effects of such factors as a rise in the amount of money in circulation and the fluctuation of some seasonal sideline foodstuffs, inflation is very likely to surpass 6.5 percent. In order to realize the predetermined goal of stabilizing prices, hard work from various parties concerned is required.

Survey Shows Peasants' Cash Income Increase
OW1508071689 Beijing XINHUA Domestic Service
in Chinese 1202 GMT 13 Aug 89

[By reporter Lu Yongjian—"Local Broadcast News Service"]

[Text] Beijing, 13 Aug (XINHUA)—According to a sample survey of 66,600 peasant households conducted by the Rural Society Economy Sample Survey Team in 30 provinces, autonomous regions, and municipalities, the per-capita cash income of peasants (excluding cash

income from savings deposits and loans) during the first half of 1989 was 291.4 yuan, an increase of 58.5 yuan over the same period a year ago, and up by 25.1 percent before adjustment for price increases.

The sample survey shows that the regional difference in the increase in peasant income varies considerably. During the first half of 1989, the per-capita cash income of peasants in Guangdong, Shanghai, and Zhejiang,

which surpasses 500 yuan, increased by 181.4, 176, and 112.4 yuan respectively. In Jiangsu and Fujian, where the per-capita cash income is between 400 to 500 yuan, the increase was 92.9 and 96.7 yuan, respectively. The increase in cash income of peasants in Gansu and Tibet, which have the lowest per-capita cash income, was less than 20 yuan. The disparity between the highest and lowest cash incomes was quite large.

East Region

Lu Rongjing Discusses Anhui United Front Work
OW2008041789 Hefei Anhui Provincial Service
in Mandarin 1100 GMT 7 Aug 89

[Text] The United Front Work Department of the provincial CPC committee sponsored a forum in Hefei on 4 and 5 August which was attended by the directors of the united front work departments at the prefectural and city levels. At the forum, speeches made by Jiang Zemin and other comrades of the Central Government at the symposium of nonparty personages were relayed. Participants attending the forum summed up their experience in carrying out their work for the first 6 months of this year, examined the current situation in carrying out united front work, and worked out plans for the development of future projects. They made efforts to raise their awareness regarding the principle and policy of carrying out united front work. All workers engaged in united front work are urged to understand the current situation and task, work hard with a revolutionary drive, and carry out their tasks well.

Lu Rongjing, secretary of the provincial CPC Committee, spoke at the forum. In his speech, he first reviewed the current situation in implementing the guidelines laid down by the 4th Plenary Session of the 14th CPC Central Committee. He said: Since the implementation of the reform policy, the united front work has been carried out in the province to serve the economy, the system of multi-party cooperation, and political consultation under the leadership of the Communist Party. Such work has greatly helped in implementing the policy of one country, two systems; implementing China's policies on multiple nationalities and religions; and maintaining the political situation of stability and unity. From now on, our party will continue to develop and expand the patriotic united front. The party will not change its policies regarding the united front work; its one country, two systems policy; its policies in dealing with Taiwan, Hong Kong and Macao; its policies in dealing with people of minority nationalities and Overseas Chinese; and its policies on religious affairs. Nor will the party change its policy in dealing with intellectuals. Right now, no one should worry about the party's line, principle, and policy with regard to the united front work. Efforts should be made to continuously expand the patriotic united front.

Lu Rongjing pointed out: During the turmoil, the democratic parties and the nonparty personages in the province had generally taken into consideration the situation in the country as a whole. The united front in the province was basically stable. In the face of difficulties, members of various democratic parties have done a great deal of work, and vigorously displayed the spirit of treating each other with all sincerity and sharing weal and woe. To persistently implement the system of multi-party cooperation and political consultation under the leadership of the Communist Party remains the central

task in carrying out united front work in the future. Under no circumstances should we relax our efforts or vacillate. The party committees at all levels should strengthen their leadership over the united front work, regard their united front work as something important in their daily agenda, and bring the role of the united front work into full play. They must unite with all democratic parties, various mass organizations, and all nonparty personages to uphold the four cardinal principles, persevere in implementing the reform and open policy, and join efforts to develop the socialist modernization drive.

Jiangsu Holds Anti-Pornography Meeting
OW2008012889 Nanjing XINHUA RIBAO in Chinese
30 Jul 89 p 1

[By Zhao Xiaoyi (6392 2556 5030)]

[Text] The provincial government called a telephone conference on the evening of 29 July, urging departments at higher and lower levels in Jiangsu to take unified and concerted efforts in carrying out a comprehensive inspection and consolidation of the book and magazine market for the next half month.

Vice Governor Yang Yongyi spoke at the conference. He stressed: The book and magazine market is an important component of the cultural market, and it must adhere to the direction of "serving the people and socialism" and be a really strong ground for building socialist spiritual civilization. Although Jiangsu has made satisfactory progress in cracking down on illegal publication activities and in prohibiting pornographic and obscene reading materials since 1987, problems remain rather serious. Illegal publication activities, such as using unauthorized book serial numbers and substituting book serial numbers for magazine serial numbers, are on the rise again; pornographic books previously banned have come back into circulation, while new obscene books and magazines, including those that are harmful to the healthy development of youths, have flooded the market; and some pictorial books of the so-called artistic human body, photographs of the human body, fortune telling, and palm reading have also found their market. We should by no means turn a blind eye and treat these serious problems lightly. Books and magazines with serious political problems and works by key advocates of bourgeois liberalization should be banned immediately and disposed of according to the regulations; obscene and pornographic books and magazines which have been officially banned should be confiscated and disposed of according to the "interim regulations defining obscene and pornographic publications"; reading materials which, although not pornography, include some obscene contents and publicize feudal superstition and violence, should also be confiscated; other books and magazines which have been officially banned should be disposed of according to the regulations; and reading materials without unified book and magazine serial numbers, or with forged book and magazine serial numbers, should be handled as illegal publications.

The vice governor stressed: From now on, except for individual cases with approval of the Provincial Press and Publications Bureau and Administration for Industry and Commerce, all collective and private bookstands will not be allowed to handle wholesale business, and any violation will be dealt with severely. Units approved to handle wholesale books and magazines should strictly abide by the law and comply with the examining system. They should submit the catalogues of books or magazines they intend to import in large numbers from other provinces to the press and publications departments or authorities in charge of cultural affairs at and above the city level for examination and approval before the books or magazines are imported, and any violation will be duly punished. Unlicensed bookstands will be resolutely cracked down upon. In the course of the inspection and consolidation, the departments concerned should gradually set up an effective system for supervising collective and private bookstores and bookstands. It is also necessary to conduct an inspection of the distributing and marketing networks of videotapes in all localities. All local governments and relevant departments should regard the inspection and consolidation as a concrete action of implementing the guidelines of the 4th Plenary Session of the 13th CPC Central Committee, assigning a senior official to specifically take charge of this matter, and doing everything possible to clean up the book and magazine market.

Wang Jianbang [3769 1696 6721], deputy director of the provincial Press and Publications Bureau, outlined specific measures and requirements for the inspection and consolidation.

Mao Zhiyong Attends Jiangxi Propaganda Meeting
OW2108044689 Nanchang JIANGXI RIBAO
in Chinese 2 Aug 89 p 1

[Text] The Propaganda Department of the Jiangxi Provincial CPC Committee held a meeting of city and prefectural propaganda directors in Nanchang from 29 to 31 July to relay and study the guidelines of the national conference of directors of propaganda departments. The meeting discussed ways to implement the guidelines of the conference and made arrangements for current work, which must be carried out successfully. Wang Taihua, member of the Standing Committee of the provincial party committee and director of the provincial Propaganda Department, relayed the guidelines of the national conference of directors of propaganda departments and delivered a speech at the closing session. The provincial party committee attached great importance to the meeting. Prior to the meeting, members of the Standing Committee of the provincial party committee heard a report on the guidelines of the national conference of directors of propaganda departments and gave their views on how to better implement the guidelines. During the meeting, Mao Zhiyong, secretary of the provincial party committee, and Liu Fangren, deputy secretary, paid a call on the participating comrades, urging them to deepen the study and propaganda

of the guidelines of the 4th Plenary Session of the 13th CPC Central Committee, raise their understanding, achieve unity in thinking, and pool their efforts to implement the tasks set at the 4th Plenary Session. They also asked the comrades to seriously study the guidelines of the national conference of directors of propaganda departments, carry out investigation and study, and come up with proposals as early as possible on implementing the guidelines in the context of Jiangxi's reality.

Attending the meeting were directors of various prefectural and city propaganda departments, responsible persons of the propaganda units of various provincial departments, directors of the propaganda departments of the provincial trade union and youth and women's federations, and responsible persons of the political department of the provincial Economic Commission. The participants all agreed: The national conference of the directors of propaganda departments was held at the right time and was very important. The conference was a concrete step toward the implementation of the guidelines of the 4th Plenary Session of the 13th CPC Central Committee. It has major immediate significance and far-reaching historical significance to strengthening the party's propaganda and ideological work. Through the study of the guidelines of the conference, people have become aware of the fact that the guidelines of the 4th Plenary Session of the 13th CPC Central Committee and Comrade Xiaoping's recent important speeches are the guide to every aspect of our propaganda and ideological work. Propaganda departments at all levels must continue to resolutely carry out the line, principles, and policies adopted since the 3d Plenary Session of the 11th CPC Central Committee and consistently implement the party's basic line of "one central task and two basic points." [referring to the central task of economic development and the two basic points of adherence to the four cardinal principles and implementation of reform and the open policy] Bourgeois liberalization is an extremely dangerous social and political ideological trend which threatens to undermine China's stability and unity, negate the four cardinal principles, and topple our socialist republic. Serious opposition and fierce struggle between the four cardinal principles and bourgeois liberalization will always exist in the entire course of the four modernizations. Reform and opening are ways to make our country strong, and must not change. However, in carrying out the reform and opening, we must uphold the four cardinal principles and the socialist orientation. The propaganda and public opinion front is extremely important to implementing the basic line of "one central task and two basic points" and to building socialism with Chinese characteristics. This front must be firmly in the hands of Marxists, in the hands of comrades who firmly implement the party's line, principles, and policies. We must earnestly and effectively organize the study, propaganda, education, and research of Marxism-Leninism-Mao Zedong Thought. This is an extremely important and arduous task on the propaganda and ideological front. The propaganda and ideological front is an important front of our party and an

important part of the party's cause, representing its fine tradition and political superiority. We must earnestly strengthen the party's leadership over propaganda and ideological work.

In accordance with the guidelines of the national conference of directors of propaganda departments and the demands made by the provincial party committee and government, the meeting made arrangements to successfully carry out the current work. It called for efforts to organize the vast numbers of cadres with party membership and the masses to deepen study of the guidelines of the 4th Plenary Session of the 13th CPC Central Committee and Comrade Xiaoping's important speeches; strengthen propaganda and ideological work in light of Jiangxi's reality, particularly ideological-political work in factories, villages, schools, and other grass-roots units; and use Comrade Xiaoping's important speeches and the guidelines of the 4th Plenary Session of the 13th CPC Central Committee to unite the people's thinking. The meeting called for serious efforts to organize comrades on the propaganda and media front to study the guidelines of the 4th Plenary Session of the 13th CPC Central Committee and Comrade Xiaoping's important speeches, as well as the guidelines of the national conference of directors of propaganda departments and, through study, raise their understanding, achieve unity in thinking, and enhance their consciousness in upholding the four cardinal principles and opposing bourgeois liberalization. It called for serious efforts to consolidate the press and publications and, under the leadership of the party committees and governments at various levels, vigorously and resolutely improve order in the pop culture market. The meeting also pointed out the need to act in accordance with the guidelines of the national conference of directors of propaganda departments, carry out investigation and study, present feasible measures in light of Jiangxi's reality, and work hard to make propaganda work a great success.

Shandong Secretary on Ideological, Political Work
SK1808122589 Jinan Shandong Provincial Service
in Mandarin 2200 GMT 15 Aug 89

[Text] During a recent investigation and study tour in the province, Jiang Chunyun, secretary of the provincial party committee, stressed repeatedly that in implementing the guidelines of the fourth plenary session, it is necessary to grasp ideological and political work as we did in economic work, and to resolutely solve the problem of failing to have proper coordination in the work.

In early August, Jiang Chunyun, secretary of the provincial party committee, led responsible comrades of the General Office of the provincial party committee and of the Propaganda Department to enterprises and rural areas in Qingdao, Weihai, and Yantai Cities to conduct investigation and to study the issues of how to enable them to deeply implement the guidelines of the 4th plenary session of the 13th party Central Committee, persist in grasping the work with both hands, strengthen

ideological and political work, and do a good job in reform and opening up. During the investigation, Jiang Chunyun said: To actively strengthen ideological and political work and to realistically end the situation in which the work was not well-coordinated, we must do a good job in solving the ideological understanding of the people inside and outside the party, particularly among leaders, genuinely place adherence to the four cardinal principles and strengthening ideological and political work on the two basic points, grasp ideological and political work as we did in economic work, and attend to the education on adhering to the four cardinal principles and opposing bourgeois liberalization as we did in grasping reform and opening up. We already have a set of fairly effective measures and methods for carrying out reform, opening up and economic development. We should also have clear and definite tasks and demands on ideological and political work. There should be an objective, measures, appraisal, awards, and punishment. We should change the intangible target into a tangible task.

Jiang Chunyun said: In strengthening ideological and political work, we must properly handle the relations between bringing a temporary solution and taking radical measures. The fundamental target of ideological and political work should be placed on, as Comrade Deng Xiaoping put it, training persons of a new generation who have ideals, morality, education, and a sense of discipline. During his investigation, Jiang Chunyun said: We must strengthen the study, publicity, research, and application of the basic Marxist theory, persist in using the Marxist stand, points of view and methods to analyze and handle all types of social and political problems. Only when our leading cadres at all levels arm themselves with Marxist theory can they effectively clarify many of their major theoretical problems which have been confused by bourgeois liberalization and can they enhance their leadership level and be in an impregnable position in reform, opening up and the four modernization construction.

Jiang Chunyun said: Strengthening ideological and political work, we should combine promoting fine traditions with creating new experience. Localities and units that have done a good job in ideological and political work have generally achieved success in six points.

First, they have persisted in the traditional method of beginning the work inside the party first and then outside the party, and fully displayed the role of grassroots party organizations and party members.

Second, they have grasped typical cases, fostered pace setters, and extensively carried out activities to emulate, learn from, and catch up with one another.

Third, they have established the responsibility system and the investigation and appraisal systems at each level and also considered ideological and political work and economic work as the most important content for appraising the achievements in the official career of leaders at all levels.

Fourth, they have made a distinction between different levels and targets, purposefully carried out ideological and political work, and prevented vague generalization and uniformity.

Fifth, they have cared for the material interests of the masses and developed and expanded the public ownership economy. In the rural areas, they have mainly developed the village-level collective economy.

Sixth, they have combined the mandatory stipulations and measures with ideological education, distinguished between right and wrong, and clearly defined rewards and punishment.

During his investigation, Comrade Jiang Chunyun pointed out: In strengthening ideological and political work, we must build a mighty contingent of ideological and political workers, embracing political work cadres at all levels in the theoretical, press, literary and art, publication and educational fields and in plants and rural areas. We should fully display the role of all levels of party and Communist Youth League [CYL] organizations, and the broad masses of party and CYL members, the People's Congresses, governments and the Chinese People's Political Consultative Conference [CPPCC] committees at all levels, the mass organizations and retired veteran cadres and workers, grasp and manage the work with joint efforts, and realistically let the socialist ideology occupy the ideological sphere.

During investigation, Comrade Jiang Chunyun also heard briefings on opening to the outside world given by the coastal cities of Qingdao, Weihai, and Yantai. He pointed out: We must persist in the two basic points—adhering to the four cardinal principles and persist in reform and opening up. None of them can be dispensed with. Because one is the foundation for building the country and the other is the path leading the country to prosperity. Therefore, we must grasp them well. Reform and opening up should be proceeded on the premise of adhering to the four cardinal principles. Only thus can we have a firm and correct orientation and can we carry out the work more firmly, successfully and quickly.

Shandong Secretary Meets Public Security Cadres
SK1908022789 Jinan DAZHONG RIBAO in Chinese
20 Jul 89 p 1

[Text] On the morning of 19 July, leading comrades of the provincial party committee, the provincial Advisory Commission, the provincial People's Congress Standing Committee, the provincial government, and the provincial Committee of the Chinese People's Political Consultative Conference [CPPCC], including Jiang Chunyun, Ma Zhongchen, Zhao Zhihao, Zhang Quanjing, Ma Zhongcai, Li Yu, Lu Hong, and Zhou Zhenxing, cordially met with and saluted the section chiefs of the city and prefectural public security bureaus, public security cadres and policemen, and the representatives of the officers and men of the Armed Police Force stationed in Jinan.

Zhao Zhihao, deputy secretary of the provincial party committee and provincial governor, gave a speech on behalf of the provincial party committee and the provincial government. He said: During the previous stage, the broad masses of public security cadres and policemen and the officers and men of the Armed Police Force stood on the forefront of the struggle with a firm and clear-cut stand, acted in line with the policy decisions of the central authorities and the plans of the provincial party committee and the provincial government, made nothing of hardships, withstood beatings, abuses, and attacks, paid no attention to personal safety, fought day and night to remarkably accomplish all tasks, and made outstanding contributions to stabilizing the situation in Shandong and safeguarding the party, socialism, and the People's Republic. Practice showed that our province's public security and Armed Police Forces are contingents with high political awareness and strong fighting capacity and are faithful to the party, the motherland, and the people. During this political struggle which involved the future and destiny of our party and the country, they withstood all severe tests and made new contributions. They deserved to be called the strong pillars of the people's democratic dictatorship and the faithful defenders of the party and the country. The party and government thank you and the people also thank you.

Zhao Zhihao called on the public security cadres and policemen, and the officers and men of the Armed Police Force throughout the province to conscientiously study the guidelines of the 4th plenary session of the 13th party Central Committee and the important speeches of Comrade Deng Xiaoping, further unify ideological understanding, be firm in maintaining a high level of unity with the party Central Committee, fully display the strong power of the people's democratic dictatorship, and remarkably fulfill all tasks entrusted to them by the party and the government. We should not be soft-handed but should be resolute to attack criminals who stirred up and participated in the turmoil and rebellion, further stabilize the situation in the whole province, and win a complete victory in the struggle to halt the turmoil and to quell the rebellion. We should strictly distinguish between the contradictions of the two different kinds of natures, be resolute to thoroughly ferret out those plotters, organizers, and behind-the scene directors who stirred up the turmoil and rebellion, and the ringleaders of all illegal organizations who committed crimes, back-bone elements, and criminals who engaged in beating, smashing, looting, and burning to seriously harm social security, and promptly punish them in line with the law. In addition, we should promote the fine traditions of fighting continuously and fearing no fatigue, and win a new victory with a new mental outlook and fighting attitude.

Shandong Holds Supervisory Work Meeting
SK1808131189 Jinan Shandong Provincial Service
in Mandarin 2200 GMT 5 Aug 89

[Text] After a 3-day session, the provincial conference of directors of supervisory bureaus at city and prefectural levels concluded in the city of Jinan on 5 August.

During the conference, the participating directors held special-topic discussion on punishing corruption and investigating and dealing with cases violating the law and discipline by regarding the spirit of the 4th Plenary Session of the 13th CPC Central Committee as guidance.

During the conference, Governor Zhao Zhihao, who was making an inspection tour in other places made a special phone call to the conference in which he put forward demands for the current supervisory work. Vice Governor Song Fatang attended and addressed the conference.

In his call, Governor Zhao Zhihao pointed out that the CPC Central Committee and the provincial party committee are greatly determined to enhance the building of administration honesty and to eliminate corruption. Therefore, supervisory organs at all levels should catch up with the situation in both ideology and work, heighten their spirit, boldly engage in work, pay attention to key problems, and should investigate and deal with a number of appalling and major cases to create a new situation in the supervisory work.

During the conference on the morning of 5 August, Song Fatang, vice governor of the province and deputy leader of the provincial leading group in charge of punishing corruption, delivered a speech in which he stressed that supervisory organs occupy a very important position in punishing corruption so they should catch up with the situation in both ideology and work and actively do a good job in investigating and dealing with cases violating the law and discipline. They should deeply understand the spirit of the 4th Plenary Session of the 13th CPC Central Committee and clearly discern the importance of punishing corruption; the great and important duties undertaken by the supervisory organ in punishing corruption; and the expectation harbored by the party committee, the government, and the people. They should first have courage in doing the work, be conscientious whatever happens, boldly uphold the principles and combat the interference, block the practice of pleading for mercy for wrongdoers, smash the network of personal relationships, and not be afraid of giving offense in carrying out the work. In particular, they should boldly exercise their duty and right in investigating and dealing with appalling and major cases, firmly grasp tasks in this regard, and handle these cases through to the end. In coping with the characteristics of various cases violating the law and discipline, which have cropped up in conducting reform and opening to the outside world and under the new situation of developing the commodity economy, they should earnestly study the methods and measures of investigating and dealing with cases and make a breakthrough in dealing with appalling and major cases.

In his speech, Song Fatang stressed that governments at all levels should adopt effective measures to realistically enhance their leadership over the work of punishing corruption. They should grasp the work of conducting reform and economic construction and opening to the

outside world on the one hand and the work of punishing corruption on the other hand. They should realistically place the work of punishing corruption on their important daily schedule and assign full-time personnel to take personal charge of the work. Efforts should be made to bring into full play the functionary role of supervisory departments, to back up these departments, to boost their courage, to support them to boldly carry out their work and to impartially enforce the law, and to help them solve the practical difficulties encountered in handling cases. In investigating and dealing with appalling and major cases, the leading personnel of governments should be personally in charge of the work. Those who have pleaded for mercy for evildoers, even shielded or winked at them, and interfered in the official work of supervisory organs, should be strictly investigated and dealt with. The leading personnel of governments should protect and support by taking a clear-cut stand the cadres in charge of supervisory work who have been attacked or been the victims of retaliation because they have upheld the principles. According to the dispatch, supervisory organs at provincial, city, and prefectural levels across the province have, to date, discovered some 110 important cases and clues and are concentrating their effort on making a breakthrough in dealing with key mistakes.

Zhu Rongji Encourages Study of Marxism

*HK1808100889 Beijing RENMIN RIBAO
in Chinese 11 Aug 89 p 1*

[XINHUA report by correspondents Wu Xiuyi (0702 0208 5669) and Wang Heting (3769 4421 1656): "Zhu Rongji Calls for Raising Theoretical Work to a New Level at Shanghai's Bi-monthly Forum on Theoretical Work"]

[Text] Shanghai, 10 Aug (XINHUA)—We must do a better job in organizing those comrades who uphold Marxism, are well informed of the actual circumstances, and have a profound understanding of theories, rely on them, and give a fuller play to their role, said Shanghai Municipal CPC Committee Secretary and Mayor Zhu Rongji yesterday during a bi-monthly forum on theoretical work.

The bi-monthly theoretical work forum is a system established by Comrade Jiang Zemin during his term of office in Shanghai with a view to maintaining closer ties between the municipal party committee and theoretical workers, keeping abreast with the latest theoretical development, and making the decisionmaking process in government organs more democratic and scientific. Comrade Jiang Zemin himself had attended the forum five times since it was introduced.

During yesterday's meeting the participants focused their discussion on how to further the reform and opening up.

Addressing the forum, Zhu Rongji said: Theoretical work is important indeed. But, at the previous stage, our contingent of Marxist theoreticians did not work well enough. Those comrades who are really competent were not commissioned to play their due role while those so-called "elites" who had no practical experience but a smattering of knowledge on theories were allowed to talk nonsense everywhere, adversely affecting our work. Zhu expressed his hope that the departments concerned and the vast number of theoreticians will work together to further integration of theoretical and practical work, and thus upgrade theoretical work to a new level. As for the mass media, they should give more publicity to the progress in the study of economic theories and to economic development, so as to keep up with the economic status of Shanghai.

Zhu Rongji said: The vast majority of Shanghai intellectuals stood by the party and the people during the recent turmoil, displaying their political integrity. Although there were also an extremely small number of people taking a wrong stand, after all they cannot represent the Shanghai intelligentsia. Zhu Rongji also emphasized that both the party's policy toward intellectuals and the double-hundred policy will not be changed. We should prepare a better environment and more favorable conditions for academic research and studies, only in this way will we be able to uphold the principle of "one center and two basic points," he said.

The forum was presided over by Chen Zhili, deputy secretary of the Shanghai Municipal CPC Committee and director of the Propaganda Department of the municipal party committee.

Zhu Addresses Meeting on Pudong Seaport
OW1708225989 Shanghai City Service in Mandarin
2200 GMT 10 Aug 89

[Text] Shanghai will build a new big port at Waigaoqiao District in Pudong to alleviate the present problem of inadequate capacity at Shanghai Port, to help develop the Pudong Economic Zone, and to promote the development of an export-oriented economy. This was revealed yesterday at an on-site meeting on port work convened by the municipal government.

Yesterday morning, Mayor Zhu Rongji, Vice Mayors Huang Ju and Ni Tianzeng, and responsible comrades from relevant departments of the municipal government set off from the Bund for a ferry ride to familiarize themselves with the layout and existing problems of old port areas along the two banks of the Huangpu Jiang.

Mayor Zhu and his party inspected Waigaoqiao, located 6 kilometers east of Wusong Kou. They inspected in detail the water and land conditions for port construction. According to reports, the water at this port is wide and deep. It is close to rivers and the sea, and a vast expanse of land is available. The maximum capacity of this port is between 4-500,000 tonnage, equivalent to the

total existing capacity of Shanghai Port. The development of this port will also help advance bonded business, export processing, finance, the information industry, commerce, and trade. It will become a new area for diversified operations, with the port as the center.

In the afternoon, Zhang Yan, director of the Shanghai Port Affairs Bureau, delivered a report in which he said that in order to solve the problem at its root—that is, the inadequate capacity at Shanghai Port—and to upgrade the old port areas along the Huangpu Jiang, Shanghai must develop the new port areas at Waigaoqiao, (Luojin) and (Jinshanshui).

At the meeting, responsible comrades from relevant departments of the municipal government also delivered reports on developing the Pudong Economic Zone and drawing up plans for the construction of new ports.

Several old comrades of the municipal government work consultative group made many very good suggestions on the development of port areas and the layout of industries in the Pudong Economic Zone.

Zhu Rongji noted: Without a new big port, it will be impossible for Shanghai to truly become an international city, not to mention, the pearl of the Orient.

He said: Currently, the two banks of the Huangpu Jiang are very congested, and the density of ships is very high. To construct new port areas, we must move out of the Huangpu Jiang. We must integrate them closely with Shanghai's overall urban plan. The construction of the new district of Pudong is a top priority task in the implementation of Shanghai's overall urban plan. To speed up development in Pudong, we must first develop Waigaoqiao District. Once we have completed the construction of the new port, the power plant, and the container facilities at South Wharf and (Yunbolu), the whole of Pudong will come to life. We must utilize foreign capital for the development of Waigaoqiao District and Pudong.

In conclusion, Zhu Rongji stressed: To develop Shanghai's new port areas, we must draw up an overall plan, highlight the key areas, and concentrate our forces for a complex battle so that the new Waigaoqiao port area may be completed as early as possible.

Shanghai People's Congress Ends Session
OW1808202789 Shanghai City Service in Mandarin
0900 GMT 11 Aug 89

[Text] The 10th Session of the Standing Committee of the 9th Shanghai Municipal People's Congress ended this morning. Ye Gongqi, chairman of the Standing Committee of the municipal People's Congress, chaired the session.

The session adopted the draft regulations concerning trade unions in Sino-foreign joint ventures; a decision to establish committees for election work in the various districts, counties, townships, and towns in Shanghai municipality; and a resolution to carry out education on the legal system with special focus on the Constitution. This resolution stipulates that a constitution publicity week will be observed annually from now on throughout the municipality beginning on the date that the Constitution was promulgated; in other words, the week starting 4 December. The session also adopted decisions on some personnel appointments and removals.

(Chen Xiangtao) is appointed vice chairman of the Urban Construction Committee of the Shanghai Municipal People's Congress.

Chen Tiedi, Sun Guizhang, Liu Jingji, Tan Jiazhen, Li Jiahao, and Wang Chongji, Vice Chairmen of the Standing Committee of the municipal People's Congress, attended the session.

Huang Ju, vice mayor; Gu Nianzu, president of the municipal Higher People's Court; and Shi Zhusan, chief procurator of the municipal People's Procuratorate, attended the session as nonvoting delegates.

Shanghai's Air Force Defends East China Sea

*OW1808014689 Shanghai Voice of Pujiang
in Mandarin to Taiwan 0900 GMT 2 Aug 89*

[Newsletter by (Zhang Xinchun), member of a Shanghai PLA Air Force Unit: "Combat Eagles in the Blue Skies"]

[Text] As bustling Shanghai began to quiet down in the night, a number of aircraft took off one by one from an airfield of the Shanghai People's Liberation Army [PLA] Air Force units and climbed into the night sky amid a big rumble. Like shooting stars, they quickly disappeared. The defenders of Shanghai's skies had begun their night training and patrol.

Shanghai's PLA Air Force units have been around for almost for 40 extraordinary years, like most new things have in Shanghai. Soon after Shanghai's liberation, the Kuomintang reactionaries and the imperialists, took advantage of eastern China's limited air defense and Shanghai's lack of air defense, and constantly conducted bombing and harassment raids on Shanghai. In January 1952, the Shanghai Air Force units were formally organized. Since then, Shanghai had its own combat eagles and aerial defenders.

At dawn on 20 September 1952, Shanghai's Air Force units' radar detected an approaching enemy aircraft. Air Force pilots (He Zhongdao) and (Lin Yongnian) were ordered to intercept it. The enemy aircraft was shot down and fell into the sea. It was the first time that the newly organized Shanghai Air Force units shot down an enemy

aircraft at low altitude over the sea. Since then, the U.S.-Chiang Air Force suffered more setbacks and later no longer dared to rashly violate Shanghai's air space.

However, they did not completely abandon the idea of harassing and sabotaging Shanghai, and their high-altitude reconnaissance aircraft, mostly U-2's, repeatedly intruded into Shanghai's air space. On 8 September 1967, Shanghai's Air Force units, using weapons made in China, shot down a U-2 aircraft, an aircraft which was then considered to be unsurpassed in the world. This success greatly boosted the Chinese people's morale.

As time passed, Shanghai's Air Force units repeatedly contributed to Shanghai's defense. Today, they have shifted their attention to dealing with a future war against aggression. In the past, training involved only Air Force units and the use of one single type of aircraft. Now, training involves several types of aircraft and several service branches. Several joint exercises involving several types of aircraft and several service branches have been successfully conducted, greatly enhancing the joint operations and quick reaction capability of the Armed Forces.

Among Shanghai's Air Force units, special-class and first-class pilots account for 70 percent of the total. One of Shanghai's flight divisions has been rated an advanced training division.

Shanghai's Air Force units have developed strong wings, which form an integrated air defense system over the East China Sea. With many aircraft flying the vast blue skies, the new look of the people's Air Force of the 1980's is drawing the attention of people in the motherland as well as people in the whole world.

Shanghai To Establish 200 Internship Centers

*OW1808074889 Beijing XINHUA in English
0613 GMT 18 Aug 89*

[Text] Beijing, August 18 (XINHUA)—The Shanghai Municipal Government is preparing to set up 200 internship centers for college students.

About 48,000 college students in Shanghai do internships each year, the "GUANGMING DAILY" reported today.

After these centers are established, 62 percent of the college students in Shanghai will have the opportunity to do internships each year, said the paper.

Since the Shanghai Municipal Government issued temporary provisions for college student internships last June, Vice-Mayor Xie Lijuan has gone on fact finding tours to factories and the city has set up a committee to oversee the establishment of these hands-on practice centers in medium and large sized enterprises.

Enterprises in the city have been strong supporters of the program. The Shanghai Diesel Engine Factory has increased from 400 to 800 the number of interns it accepts, while reducing the management fee it charges.

Zhejiang Reports Corruption Prosecutions

OW1808202489 Hangzhou Zhejiang Provincial Service in Mandarin 0900 GMT 11 Aug 89

[From the "Provincial Hookup" program]

[Text] The provincial People's Procuratorate held a news conference on the morning of 11 August on its investigation and handling of major cases of graft and bribe-taking during the first half of this year.

The procuratorial organs in our province determined that there was a total of 812 cases of graft and bribe-taking. The organs investigated them in accordance with the law during the first half of this year. This was an increase of 44 percent over the same period of last year. There were 196 major cases which involved amounts of graft and bribe-taking in excess of 10,000 yuan and for which cadres at the county-level or above were found guilty. Among these cases, 16 involved amounts of graft between 50,000 and 100,000 yuan; 30 cases involved amounts of bribe-taking between 30,000 and 100,000 yuan; and 5 cases involved amounts of graft and bribe-taking in excess of 100,000 yuan. In all, 22 cadres at the level of section or bureau and 5 cadres at the county level were involved. Through investigating and handling these cases of graft and bribe-taking, the procuratorial organs have saved the state and collectives from economic losses worth 10.74 million yuan, 189 percent more than the amount saved in the same period of last year.

At a news conference, Deputy Procurator (Geng Xiaoping) urged the broad masses to continue to actively report evidence of graft, bribe-taking, and other economic crimes to the relevant authorities. He called on criminals guilty of graft and bribe-taking to immediately turn themselves in to procuratorial organs on their own accord to be eligible for lenient treatment, instead of harboring the idea of taking their chances.

North Region

Beijing Mayor Rules Out National Day Parade

OW1708153889 Beijing XINHUA in English 0956 GMT 17 Aug 89

[Text] Beijing, 17 Aug (XINHUA)—Grand National Day celebrations will be held on October 1 in the Chinese capital to mark the 40th anniversary of the founding of the People's Republic.

According to Beijing Mayor Chen Xitong, the celebrations include parties, sports events and theatrical performances in leading parks, gyms and theaters and fireworks and salutes at the Tiananmen Square.

Tiananmen Square, where big flower displays will be set up, will be open to organized groups of people.

No parade will be held that day, Chen noted. Parks will be open free that day.

At a meeting Wednesday, the mayor urged leaders of all sectors to do a good job in market supply, traffic order, and service to ensure that the citizens have a happy festival.

Beijing Vice Mayor Receives Philippine Tourists

HK1808052789 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1117 GMT 14 Aug 89

[Report by Reporter Zhao Jian (6392 0256): "Vice Mayor He Luli Says Beijing Back to Normal, People Leading Happy Lives"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 14 Aug (ZXS)—Beijing's Vice Mayor He Luli today told visitors from the Philippines: "In Beijing, you can see that people are dressed colorfully and engaged in free exchanges. This reflects the social stability and contented lives of the people in Beijing."

In a meeting with the Cebu Sacred Heart Catholic tourists delegation from the Philippines, He Luli spoke on life in Beijing, saying that production and social order have basically returned to normal. Stores are also operating normally, while construction is going on in many building sites, including some Sino-foreign joint venture hotel projects. Work in the Asian Games construction project also proceeded without any interruption.

He Luli also stressed that there is no change in China's guidelines and policies on reform and opening up nor in its policies on Overseas Chinese affairs, ethnic affairs and religious affairs. The Constitution guarantees the citizen's right to worship as well as the right of atheism. She added that Beijing has some 400,000 Muslims and approximately 40,000 Catholics.

Father (Daguiat), honorary chairman of the delegation, expressed satisfaction over the freedom of religion in China and indicated that the delegation will convey to the Filipino people the friendship shown them in Beijing.

Wu Shengjing, president of the Filipino-Chinese Association in Cebu and delegation head, said that friends have expressed concern for their safety before the delegation left for China, but that after arriving in Beijing, they have seen that conditions are normal here and quite different from foreign reports. After returning to the Philippines, he will tell his friends of his personal experience, adding that China is very stable.

He Luli said that Overseas Chinese and friends are welcome to visit Beijing and have a look for themselves. She stated: "One can understand the true situation better if one is here."

He Luli presented the visitors with a book on the scenic spots of Beijing, saying: "Owing to time constraints, you cannot visit all the scenic spots of Beijing. You can read about them first and visit them the next time you are here."

Yu Xiaosong (0205 2556 2646), secretary-general at the Beijing municipal government, and Jiang Zhaohong (3068 0340 6575), deputy director of the Beijing Municipal Office of Overseas Chinese Affairs, also spoke to the visitors on the present situation of Beijing.

Beijing PLA Heroes Report to Shanxi Units
HK1808020589 Taiyuan Shanxi Provincial Service in Mandarin 2200 GMT 17 Aug 89

[Excerpt] On 17 August, the first subgroup of the report group of models and heroes in quelling the counterrevolutionary rebellion in Beijing delivered reports to Army and Armed Police units at the Armed Police club in Taiyuan. Present were leaders of the Shanxi Military District and units stationed in Shanxi including Yu Hongli, Qu Jiming, Luo Jinghui, (Han Dongjun), (Zhu Guofan), Wu Xuetong, Hou Xiaobao, (Hou Deyi), Liu Jianxin, (Xie Bin), (Zhang Chunlin), (Wang Rongsheng), (Liu Zhenshan), (Liu Chunshan), and (Wang Shilin).

Qu Jiming, political commissar of a certain group army stationed in Shanxi, said in a speech that the test of blood and fire has proved yet again that the People's Liberation Army, Armed Police, and public security officers and men are worthy to be the strong pillar of the people's democratic dictatorship and the loyal guardians of the PRC. The six heroes and models delivering reports to us today are outstanding representatives who emerged in the course of quelling the counterrevolutionary rebellion in Beijing. We feel infinitely proud to have such heroes, models, and comrades in arms. Taking the heroes and models as our example, we should whip up an upsurge of learning from their deeds throughout the units. [passage omitted]

Article Reviews Beijing Industrial Investment
HK2108003689 Beijing CHINA DAILY in English 21 Aug 89 p 3

[By staff reporter Li Hong]

[Text] Ten years of technological progress and technological imports between 1979 and 1988 have tremendously strengthened Beijing's industrial productivity thus laying a solid foundation for the capital to run into 1990s.

An exhibition of achievements made during those 10 years is now being held in China's Agriculture Museum, sponsored by the Beijing Municipal Economic Commission.

During the past 10 years, the municipality invested 12 billion yuan into the technology renovation and renewal of its industry, which is equivalent to the total number of

the city's industrial fixed assets investment of 30 years since Beijing was liberated in 1949, an official with the Beijing Economic Commission said.

Furthermore, the municipality imported 1,400 items of advanced know-how and equipment from abroad at the cost of \$1.5 billion. Also 234 contracts for the building of joint ventures were settled, which absorbed more than \$330 million of foreign capital, according to the official.

Now most of the city's former backward enterprises with lagging technological process and outdated apparatus has given way to new buildings, new machines as well as staff members armed with new technology. Beijing has already developed into an important industrial base with an integrated industrial system because of mushrooming new sectors and enterprises.

"Compared with 10 years ago, 1988 saw 140 percent increase in the value of Beijing's industrial productivity. There has also been a 100 percent increase in its tax on profits. All these achievements have a direct relationship to the new technology we imported," said the official.

According to the official, 10 years of technology renewal and introduction has brought the following changes to Beijing:

- Up to 70 percent of its industrial enterprises have been renovated to a certain extent.
- The economic results acquired from technology renewal not only offset various ingredients which would tend to reduce profits, but also guarantee the continuous improvement of the city's industrial production and so are the mainstay of its financial revenue.
- The variety of products available has increased just as the quality of Beijing products has improved. Both these have increased export opportunities.
- The quality of those personnel in charge of technology renovation and all-round management has also been improved.
- Finally, due to the introduction of advanced technology in coping with industrial pollution, the city's environment has been generally improved.

About 830 products of electronics, instrument, automobile, foodstuff, chemicals, medicine, textile, metallurgy and machinery are put on display. The exhibition will close on August 27.

Beijing Grain Production Problems Reported

HK1808114889 Beijing ZHONGGUO XINWEN SHE
in Chinese 1043 GMT 13 Aug 89

[Report by Li Ping (7812 1627): "Beijing's Grain Production Problem"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 13 Aug (ZHONGGUO XINWEN SHE)—After achieving continued bumper harvests in the past 10 consecutive years with an average increase of 100 million jin [as published], Beijing peasants do not seem to be very happy; they are often worried by various grain production problems which have kept occurring.

For peasants, every year the increased benefits of bumper harvest were offset by the increased prices of means of production such as fertilizer and plastic sheeting for agricultural use. According to a survey in Beijing's Fangshan County, in 1988, the prices of fertilizer and plastic sheeting for agricultural use increased by 20 percent and 30 percent respectively compared to 1987; in 1989, prices again increased by 40.5 percent and 65.8 percent compared to 1988. Because prices of sideline foodstuffs have not increased since an adjustment 4 years ago, peasants complained that grain price increased 1 percent after 1 percent, while prices of industrial products increased 100 percent after 100 percent, therefore farming is a loss-making business.

Although the government has distributed land to peasant households, and implemented the harvest-more-keep-more method, some peasants viewed the distributed lands as a way of escape; they did not seek high output, but only the quantity enough to feed themselves, and used their energy to explore sideline occupations and to make big money. They used but did not care for their land, so farmland became less fertile.

Beijing's departments responsible for agriculture hope to increase returns for the peasants and maintain high output of grain by centralized cultivation of whole stretches of lands contracted to peasant households, by adjusting the average of contract lands, and by appropriately assembling lands for the advanced cultivators so as to form a certain degree of scale. Deputy Mayor Huang Chao, whose duty is to oversee agriculture, said that at present in Beijing, this kind of farmland which is run in larger scale and was formed after the adjustment, reached 2,750,000 mu, occupying 60 percent of the total farmland. The city government attempted to follow the same methods to once again promote application of large agricultural machines, and to enable the averaged, dispersed, and narrowed management styles to be transformed into the merchandised and modernized large-scale agriculture enterprises.

Some peasants have actively responded to this process, but some peasant households have different opinions. They said that this kind of whole-stretch centralized cultivation disrupted plans to plant the originally desired

varieties on the private plots. Some peasants did not want to surrender the lands belonging to them as provided for by the contracts signed previously and filed appeals. They thought that changing their land was an act of breaking the contract and the promise. The 12th meeting of the Standing Committee of Beijing City People's Congress, which is currently underway, is discussing the problem. To adjust relations of interests between both sides, the Beijing "assembly" is planning to formulate rules concerning the management of contract of contracted land.

Large-scale reduction of farmland has also caused worries for the officials who are responsible for Beijing's agriculture. According to the statistics provided by the city government, in the last 10 years, grain farmland decreased 380,000 mu, and this means that each year 38,000 mu grain farmland was occupied. This happened because peasants engaged in town and township enterprises built houses, built fish ponds in an improper way, did not use lands taken over, and converted farmland suitable for growing grain into orchards.

In addition, the deputy mayor admitted frankly that basic facilities for grain production were not good, and that ability to resist natural disasters was weak. The "climate" this year has brought about a bumper summer grain harvest in Beijing, but also caused disasters for autumn grain harvest. According to our information, due to a serious drought not long ago, a decreased autumn grain output is now a certainty.

Deputy Mayor Huang Chao reported to the members of the Standing Committee of Beijing City People's Congress: Although accompanying the development of rural commodity economy is the diminishing proportion of grain output value within the total agricultural output value, grain production should not be relaxed. He disclosed that Beijing is implementing the project of grain base of 3 million mu; they will renew irrigation facilities, step up the use of large machines, improve scientific and technological measures, so as to enable grain production to be built on a new material basis, and to develop agriculture from a low-level collectivization into a high-level one.

Hebei's Xing Chongzhi Inspects Laiyuan County

SK1808132989 Shijiazhuang Hebei Provincial Service
in Mandarin 2200 GMT 21 Jul 89

[Text] From 20 to 21 July, Xing Chongzhi, secretary of the provincial party committee, made an inspection tour in Laiyuan County. During his inspection tour, he put forward instructions on party building, in which he pointed out that in enhancing party building and building administrative honesty, we should carry out earnest analysis and deal with the problems on the one hand and bring the enthusiasm of party members into play on the other hand.

In his instructions, Comrade Xing Chongzhi stated: We should not oversimplify the work of building administrative honesty and regard the work simply as the activities of dealing with several cases and punishing several persons. We worked hard in the past in handling the problem committed by cadres with regard to building private houses. However, private houses have been increasingly built. The answer to this problem is that there are problems concerning ideology, policies, and systems. Therefore, we should make efforts to carry out investigation and study and adopt some measures to handle not only the concrete problems but also the problems concerning policies and systems so as to achieve a long-term result.

During his inspection tour in Laiyuan County, Comrade Xing Chongzhi also carefully inquired about the development of forestry and animal husbandry. The county raised 180,000 sheep every year in the past. During the 1982-1983 period, the county held major discussions on raising sheep in order to deal with the contradiction between forestry and animal husbandry. As a result, only 6,000 sheep were left in the county. At present, the county only has 80,000 sheep. Xing Chongzhi told the responsible comrades of the county party committee that Comrade Deng Xiaoping has often instructed us to earnestly summarize our past experience. In conducting economic work, we should proceed from the actual situation. Mountainous areas should refrain from only paying attention to striving to maintain a balance between development projects. If the county succeeded in reclaiming mountains and regulating rivers and watercourses in a down-to-earth manner since the 3d Plenary Session of the 11th CPC Central Committee, it would be able to increase its per capita income more than 304 yuan at present. The county has less grain production and should achieve development in raising plant-eating animals, such as sheep, cattle, and rabbits. It should grasp this production in a down-to-earth manner and may take this production as a target of award. Efforts should be made to draw up production plan each year, to examine the fulfillment of the plan every year, and to adopt measures to deal with those who have fulfilled or not fulfilled their production plan in this regard. By grasping this production in the coming few years will we certainly be able to score results.

Hebei Secretary Visits Soldier's Mother

SK1808050189 Shijiazhuang Hebei Provincial Service
in Mandarin 2200 GMT 1 Aug 89

[Text] On the morning of 1 August, Xing Chongzhi, secretary of the provincial party committee; Yue Qifeng, governor of the province; and Chen Yujie, member of the provincial party Standing Committee, accompanied by the responsible comrades of the departments concerned, came to the Bethune International Peace Hospital to pay a visit to (Rong Guanxiu), the mother of a fighter of the People's Liberation Army.

During their visit, the leading comrades of the provincial level organs carefully inquired about the conditions of her health and livelihood and expressed thanks to the medical personnel who were taking care of her. According to the briefing given by the medical personnel, old Madame (Rong Guanxiu), who is 92 years old, is still active and eats normally.

Hebei Secretary Tours Flood-Stricken Counties

SK2108074489 Shijiazhuang HEBEI RIBAO
In Chinese 25 Jul 89 p 1

[Excerpts] Wanxian, Tangxian, Wangdu, Qingyuan and Mancheng Counties suffered great losses from the catastrophic rainstorms accompanied by torrential mountain runoff, which hit them from 0800 on 21 July to 23 July. Xing Chongzhi, secretary of the provincial party committee; Ye Liansong, Standing Committee member of the provincial party committee and provincial vice governor; leaders of local army units; and prefectural, city, and county leaders went to the disaster areas to express sympathy and solicitude immediately after the disasters, and organized the masses to combat them. Ye Liansong stayed in the disaster areas for several days in succession to arrange the anti-flood and relief work. At present, the soldiers and civilians of these areas are going all out to combat the disasters. [passage omitted]

Xing Chongzhi, Ye Liansong, and Liu Pixun, leader of the unit No 51034, went to the disaster areas in a timely manner to inspect the extent of the disasters, and guided the emergency rescue and relief work. Xing Chongzhi particularly urged that methods should be worked out to deliver food to the afflicted people who have nothing to eat, and that elderly people and children should be the first—and party members the last—to have food. He also urged party organizations at various levels to stand at the fore of the emergency rescue and relief work.

Ye Liansong urged the people of the disaster areas to unite as one; on the one hand, to help one another to rebuild their homes through their own efforts, and on the other hand, to stand ready to continue the various preparations against catastrophic rainstorms. Ye Liansong said: The current anti-flood and relief work represents a severe test for party organizations and cadres at various levels. At a critical moment when the people's lives and property are threatened, party branches should play their role as fighting bastions, and members of the Communist Party and the Communist Youth League should play their roles as examples and leaders. Ye Liansong pointed out: At present, our province's anti-flood work is just beginning. Based on our experiences, the period from late July to mid-August is a season when rain falls in a concentrated manner. Leading persons at various levels, the masses of cadres, and the masses ordinary people, should remain vigilant, make good preparations, and be prepared mentally and materially at any time against any catastrophic floods.

Inner Mongolia Secretary Visits PLA Units
SK1808075589 Hohhot NEIMENGGU RIBAO
in Chinese 29 Jul 89 p 1

[Text] On the eve of "1 August," while conducting an inspection tour in Hulun Buir League, Xingan League, and Jirem League, Wang Qun, secretary of the regional party committee, and secretary of the Inner Mongolia Military District party committee, visited officers and men of the Liberation Army who firmly guarded the Chinese-Soviet and the Chinese-Mongolian border areas and extended festival greetings and regards to them.

On the banks on one side of the Ergun River, which is located in the boundary between China and the Soviet Union, Comrade Wang Qun heard work briefings given by responsible persons of the troops stationed there, visited soldiers performing duties at the sentry post, cordially asked them about their situation in work and living, and took a patrol boat to inspect the main course of the Ergun River with great zest. After hearing the model deeds of officers and men who firmly guarded the border areas on one hand and persisted in production to supply their own needs, helped the local minority people put out grassland and forest fires and repair farm machines and implements, and helped ordinary people prevent and cure disease on the other hand, Wang Qun gladly took out a pen and wrote on a scroll the words "The most beloved people who protect the party, the motherland, and the people," to encourage the border soldiers.

On the afternoon of 22 July, Comrade Wang Qun, together with Liu Yunshan, member of the Standing Committee of the regional party committee and secretary general, and Alatanaoqier, vice chairman of the regional government, who accompanied Wang Qun on the inspection tour, held a forum with responsible comrades of a certain Army unit stationed in Xingan League and of the military sub-district and watched a performance as an expression of appreciation presented by literary and art performers. On the afternoon of 23 July, in Jirem League, Wang Qun and other leading comrades also visited officers and men of a certain Liberation Army unit of the Shenyang Military Region, who are stationed in Jarud League. On behalf of the regional party committee, Wang Qun extended festive greetings to the Army unit and thanked it for its enthusiastic support and help in local work. He particularly reviewed the history and looked forward to the future and expressed hope that the Army officers and men would promote the glorious revolutionary traditions and would make new contributions to implementing the guidelines of the 4th plenary session of the 13th party Central Committee. He said: "Without the People's Army, the people would have nothing." This is a true theory which Chairman Mao summarized and revealed by summing up the course of the Chinese revolutionary wars. The great People's Army is our nation's backbone and the pillar of the country. This was so in the past and also forever in the future. Hard facts explained once again

that during the previous struggle to halt the turmoil and to quell the counterrevolutionary rebellion, the People's Army deserved to be called the great wall of iron of the socialist motherland and a strong pillar of the people's democratic dictatorship. After trials and hardships, the true qualities of the People's Army have remained unchanged. They have become qualified through the severe test of blood and fire. They deserved the words of praise of "going through fire and water to display the true qualities of heroes," presented by the masses of people to soldiers.

Wang Qun said: It is very important to strengthen Army building. For several times in our party history, some people wanted to eliminate the "barrel of a gun," and advocated the practice of capitalism. As a result, we suffered a grave lesson paid for with blood. The great massacre of Chiang Kai-shek on 12 April made the people aware of the Communist Party. They began to realize the importance of building a People's Army. We should not forget the history and follow the same old disastrous road.

Comrade Wang Qun also encouraged the Army officers and men to conscientiously study the guidelines of the relevant works and speeches of Comrade Deng Xiaoping and of the communique of the 4th plenary session of the 13th party Central Committee, to firmly bear in mind the purpose of the People's Army of wholeheartedly serving the people, to serve as good fighters, propaganda teams, and work teams, to display a greater role in the joint army-people campaign to build spiritual civilization, and to make greater contributions to consolidating the people's democratic dictatorship and the four modernization construction.

Official Comments on Inner Mongolian Open Policy
OW1908195389 Beijing XINHUA in English
1537 GMT 19 Aug 89

[Text] Hohhot, August 19 (XINHUA)—The Inner Mongolia Autonomous Region will continue to open its doors to other parts of the world and develop friendly relations with them to promote the region's construction and development.

Pei Yingwu, vice-chairman of the regional people's government, made this remark to the foreign participants in a five-day international exhibition of agricultural and livestock machinery here yesterday.

The exhibition has attracted more than 30 varieties of agricultural and livestock machinery provided by 13 companies from six countries, including France, the United States and Italy.

In addition, a dozen countries and regions, including Poland and Federal Germany, have sent representatives to the exhibition.

Pei gave a brief introduction to the region. He said it has primitive forests in the northeastern part with a total timber reserve of 900 million cu m.

In addition, he said, Inner Mongolia has a total grassland area of 88 million ha and provides one fourth of the national wool harvest. Its other resources are one fourth of the national coal deposits and 80 percent of the world's rare earth reserves, as well as rich deposits of petroleum, copper, aluminum, zinc and gold.

Inner Mongolia is linked to eight provinces, he said, adding that it also has a 4,200 km border with the Soviet Union and Mongolia. Two of the region's major cities—Manzhouli and Erenhot—have rail links with the eastern part of the Soviet Union.

He said railway container transportation only takes 10 to 15 days from China to Europe, saving about a month compared to shipping goods from Tianjin, Dalian or Shanghai to Europe.

All these advantages, Pei said, are favorable conditions for the region's opening to the outside world.

Pei said Inner Mongolia has already achieved progress in the implementation of the open policy, and foreign economic relations and trade.

He said it exported some one billion U.S. dollars-worth of products from 1979 to 1988 and approved 200 Sino-foreign economic and technical co-operation projects. Some projects have already achieved economic returns. Its border trade with the Soviet Union and Mongolia amounted to a total of 140 million Swiss francs-worth in 1988, the vice-chairman said.

"This is just a beginning," Pei said, adding that Inner Mongolia will continue to implement the policy of reform and opening to the outside world, and open its doors to other parts of the world.

The region will strive to develop the production of export commodities, improve product quality and expand exports. In addition, it will expand utilization of foreign capital, and economic, trade and technical cooperation.

The international agricultural and livestock machinery exhibition is jointly sponsored by Singapore Exhibition Technics Pvt Ltd, the Inner Mongolia and Tianjin branches of the China Council for the Promotion of International Trade, and the Inner Mongolia Foreign Trade Exhibition Company.

Tianjin People's Congress Meeting Opens 14 Aug

Li Genbin Gives Report

SK2008105389 Tianjin City Service in Mandarin
2200 GMT 14 Aug 89

[Excerpts] The 10th meeting of the 11th Tianjin Municipal People's Congress Standing Committee opened on 14 August. Wu Zhen, chairman of the municipal People's Congress Standing Committee, presided over the meeting in which participants heard and discussed the report given by (Li Genbin), director of the municipal supervisory bureau, on the supervisory work done in the first half of 1989. The report was given on behalf of the municipal People's Government

In his report, (Li Genbin) stated: From the end of 1988 to the beginning of 1989, supervisory organs at all levels made greater efforts to learn about and to investigate the conditions of cadres. Judging from the general situation, our governments at all levels have been honest in handling their official work, and the overwhelming majority of cadres are law-abiding, honest, and self-disciplined. However, a few cadres are committing various malpractices and even acts of corruption. Their major manifestations include embezzling funds, accepting bribes, and extorting money by taking advantage of working activities; seeking personal gain by taking advantage of power; not enforcing orders and prohibitions; hosting banquets and presenting gifts while spending public funds; indulging in extravagant eating, drinking, and waste; not being responsible to their work or neglecting their duties; and causing serious losses to the state.

He continued: During the January-June period this year, supervisory organs at all levels brought 161 cases of law and discipline violations on file and carried out investigations of them. By the end of June, they concluded 126 cases. Of these cases, 75 resulted in punishment and 82 evildoers, including five [word indistinct] received political sanction. Of these evildoers, six were dismissed from their posts, nine were placed on probation within their posts or dismissed from their public positions, and 14 were handed over to the judicial organs for further action. [passage omitted]

During the meeting, Wu Zhen delivered a speech in which he pointed out: Problems with regard to performing official duties honestly and combating corruption constitute big events for which the masses show concern, attach great importance, express dissatisfaction, and worry about. As a matter of fact, there are some persons in our ranks, who have committed corruption. We must strictly and earnestly do a good job in dealing with these problems. Although we will encounter difficulties in dealing with these problems, we have to do it, and we should apply facts to win over the people's trust. At present, the people have a lot of complaints about the disposition of corruption problems. We urge the government and departments in charge of enforcing the law to reexamine the handling of cases about which the people

have lodged strong complaints. In particular, efforts should be made to have all organs do things in line with the law in the future. At present, we should foster a social morale in which corruption and malpractices are regarded as rats that are running across the street, with everybody crying, kill them! The Standing Committee of the municipal People's Congress should first set an example in performing its official duties honestly, actively accepting the supervision conducted by deputies and the masses. Departments concerned should report in a timely manner to the municipal People's Congress Standing Committee the corrupt cases which have been reported to them by the masses and committed by the cadres who have been elected by the municipal People's Congress and appointed by the municipal People's Congress Standing Committee.

Attending the meeting on 14 August was the vice chairmen of the municipal People's Congress Standing Committee, as well as Li Yuan, Liu Zengkun, Yang Jianbai, Yu Fujing, Shi Jian, Zhu Wenju, Bai Hualing, and Pan Yiqing; and (Wu Zhenrong), secretary general of the municipal People's Congress Standing Committee.

Among those who attended the meeting as observers were Li Changxing, vice mayor of the municipality; (Yu Mairan), vice president of the municipal Higher People's Court; (Chen Guoli), deputy procurator of the municipal People's Procuratorate; responsible persons from the municipal People's Congress Standing Committee, the municipal People's Government, the municipal CPPCC committee, the People's Congress Standing Committees at the district-county level, the relevant commissions, offices, and bureaus under the municipal People's Government, and from the municipal social scientific academy; and deputies from a number of counties.

Talks on Economic Planning Held

SK2008110889 Tianjin City Service in Mandarin
2200 GMT 15 Aug 89

[Text] The 10th meeting of the 11th municipal People's Congress Standing Committee continued discussions on 15 August. During the meeting, (Xin Dongbo), vice chairman of the municipal Planning Commission, and (Ye Shudong), director of the municipal financial bureau—who were mandated by the municipal people's government—delivered reports on the 1989 first-half implementation of the plans for the national economy, social development, and the financial budget.

During the meeting, the participating personnel of the municipal People's Congress Standing Committee earnestly examined the reports and the participating members vied to voice their opinions and contend that the economic situation for first half was fine, but tasks for the second half are quite arduous and the situation in the second half is very severe. Therefore, the municipal people's government and the departments in charge of economic work should fully estimate the difficulties and formulate adequate policies and measures to successfully

tap production potential. In particular, efforts should be made to enliven the production of large and medium-sized enterprises, to increase economic results, to follow the idea of living a disciplined life in a down-to-earth manner, to bring the people's enthusiasm into full play, to arouse and rely on the masses to succeed in various work, to make successful arrangements for the people's livelihood, to bring commodity prices under strict control, to successfully improve the economic environment and rectify economic order, and to ensure the fulfillment of all tasks in the year.

During the meeting, the participating members also discussed the readjustment submitted by the municipal people's government on the 1989 financial budget, and adopted adequate resolutions on the readjustment.

Wu Zhen, chairman of the municipal People's Congress Standing Committee, presided over the meeting. Attending the meeting as observers were Li Changxing, vice mayor of the municipality; Wang Yongchen, president of the municipal Higher People's Court; and Tao Yimin, chief procurator of the municipal People's Procuratorate.

Tianjin Development Zone Uses Foreign Funds

OW2008060489 Beijing XINHUA in English
0532 GMT 20 Aug 89

[Text] Beijing, August 20 (XINHUA)—The Tianjin economic and technological development zone used a total of 220 million U.S. dollars in January-June this year, today's "PEOPLE'S DAILY" reported.

The paper said that in the first half of this year, the zone has signed contracts with firms from 15 countries and regions on 138 projects which include equity joint ventures, contractual joint ventures and wholly foreign-owned businesses.

The countries and regions include the United States, Japan, France, the Federal Germany, Australia, Hong Kong, Macao and South Korea.

Tianjin, Beijing and other provinces have also established nearly 200 enterprises in the zone.

The Beijing-Tianjin-Tanggu Expressway now under construction will run through the zone, facilitating the further development of the zone, the paper said.

The zone has signed a contract with the U.S. MGM Commercial Company, transferring the right of using a piece of land covering 5.3 square kilometres to the American company for 70 years, the largest project so far in Tianjin, the paper noted. The foreign partner is expected to put in a total of three billion U.S. dollars on the construction of infrastructures and other projects, the paper said, adding that when completed, the annual output value is expected to reach some 10 billion yuan (about 270 million U.S. dollars).

It is reported that MGM will invest 300 million U.S. dollars to build a 52-storey twin-tower world trade centre which is 211 metres high.

Northeast Region

Heilongjiang's Sun Weiben Buys Own Meals

SK1808134089 Harbin Heilongjiang Provincial Service
in Mandarin 0900 GMT 17 Aug 89

[Excerpt] Leading comrades of the provincial party committee and the provincial government have voluntarily been checking the trend of wining and dining with public funds and have been taking the lead in paying money to have three meals, thus garnering praises from the masses.

This June, the provincial party and the provincial government formulated some regulations on three meals of the provincial-level leading bodies members while going to various localities for official work. Since then, leaders of the provincial party committee, the provincial Advisory Commission, the provincial People's Congress Standing Committee, the provincial government, the provincial Committee of the Chinese People's Political Consultative Conference, and the provincial Discipline Inspection Commission have all conscientiously implemented these regulations and set an example for cadres at lower levels.

In mid-July, Sun Weiben, secretary of the provincial party committee, led a work group to visit Daqing to investigate ideological and political work and the party building situation there. When he arrived at the headquarters of the 300,000-ton ethylene project of the Daqing Chemical Industrial Plant, it was time for lunch. Far from having a special meal separately, Comrade Sun Weiben, guiding his entourage, went to the workers' canteen to have a meal together with workers after buying a meal ticket. [passage omitted]

Heilongjiang Makes Propaganda Work Arrangements

SK1808132889 Harbin Heilongjiang Provincial Service
in Mandarin 0900 GMT 9 Aug 89

[Text] The provincial conference of propaganda department directors opened in the Heping meeting hall of Harbin City on the morning of 9 August. Main items on the conference's agenda are to implement in an overall way the spirit of the national conference of propaganda department directors and by bearing in mind the actual situation in the province's propaganda and ideological work, to define the basic ideal and concrete measures for the propaganda work in the second half of this year.

During the conference, Qi Cuiyuan, director of the propaganda department under the provincial party committee, and (Gao Taifu) and (Yu Shulin), deputy directors of the Propaganda Department, delivered reports on relaying the spirit of the national conference of propaganda department directors.

It was contended at the conference that the national conference of propaganda department directors, which was held not long ago, was actually a meeting on mobilizing the entire party to grasp the ideological work; and that a good job should be done in continuously studying, relaying, and implementing the spirit of the national conference. By bearing in mind the actual situation in the province's propaganda and ideological work, we should emphatically do a good job in grasping the following three tasks at present:

1. From now to the end of this year, we should conduct mammoth and extensive education among all Communist Party members and the people across the province on upholding the four cardinal principles and opposing bourgeois liberalization. Our educational emphasis should be placed on further unifying the understanding on the character and reasons of the disturbance and the counterrevolutionary riot, on the correctness and necessity of the central policy decisions, and on the two questions of why China should stick to the socialist road and why China should have the CPC exercise its leadership. In conducting the education, we should use the spirit of the 4th Plenary Session of the 13th CPC Central Committee and the important speeches of Comrade Deng Xiaoping to distinguish right from wrong and to unify thinking, and apply the negative teaching materials of the disturbance and the riot to persuade or educate the masses. We should formulate educational methods that are suitable to specific levels and integrate the education conducted among Communist Party members with the activities of arousing them to be qualified members. We should conduct positive education among the masses chiefly through multiple forms. This education will be conducted chiefly among leading cadres at or above the county level, students, and young staff members and workers.

2. By bearing in mind the practice of conducting reform and opening to the outside world, which has been conducted by their own front and unit, cadres, particularly leading cadres, should be sober-minded in reviewing the events in the past, taking the future into consideration, and in earnestly summarizing their experience.

3. Personnel on the ideological front should make efforts to organize well the activities of three-study and one-consolidation, which mean that efforts should be made to organize all comrades in the ideological circles to study the speeches of Comrade Deng Xiaoping, the documents adopted at the 4th Plenary Session of the 13th CPC Central Committee, and the circular issued by the CPC Central Committee on enhancing the propaganda and ideological work and the spirit of the national conference of propaganda department directors; and that on the basis of study, a good job should be done in carrying out consolidation in the 7 fields of ideology, organizations, leading bodies, press and periodicals, publication agencies, cultural markets, as well as social scientific institutes, literary and art communities, and associations and societies. Efforts should be made to enable socialism to truly occupy the ideological front.

Attending the provincial conference of propaganda department directors were deputy secretaries in charge of the propaganda work and propaganda department directors in the party committees at city and prefectural levels; propaganda department directors from the county party committees; responsible comrades from various units under the provincial propaganda department, the mass organizations, and the Communist Youth League organizations; and responsible comrades in charge of the propaganda work from the trade unions of organs under the provincial party committee and the provincial People's Government.

He Zhukang Speaks on Jilin Public Security Work
SK1808131989 Changchun Jilin Provincial Service
in Mandarin 0930 GMT 4 Aug 89

[Text] The meeting of section chiefs of the provincial Public Security Bureau ended in Changchun today. The meeting's participants conscientiously studied the guidelines of the 4th plenary session of the 13th party Central Committee and the national meeting of public security department directors, in particular the important speeches of central leading Comrades Deng Xiaoping, Jiang Zemin, Li Peng, and Yang Shangkun. At the same time, they further unified their thoughts; conscientiously reviewed and analyzed the province's political turmoils at the preceding stage and the social public security and order at the present stage; conducted an earnest study of public security work; and made arrangements for the tasks of the province's public security work in the future in line with the demands of the provincial party committee and the provincial government.

Comrades He Zhukang, Wang Zhongyu, Liu Yunzhao, Ke Muyun, and Gao Wen attended the meeting and visited participants. Comrades He Zhukang, Wang Zhongyu, and Gao Wen spoke at the meeting. He Zhukang, secretary of the provincial party committee, stressed in his speech: We should continue to earnestly study and implement the guidelines of the 4th plenary session of the 13th party Central Committee and the important speech of Comrade Xiaoping, by regarding it as the most important task.

He Zhukang pointed out: We should correctly understand the issue of class struggle, persist in the people's democratic dictatorship, and strengthen public security work. He said: The crux of the social turmoil and the counterrevolutionary rebellion that occurred not long ago was to overthrow the party leadership and the socialist system. Our struggle against plotters, organizers, and commanders of turmoils and the counterrevolutionary rebellion is a prominent expression of the class struggle at the present stage. Under the new historical condition, the exploiting class has already been abolished, and class struggle is no longer the major contradiction in the society of our country. However, class struggle will remain for a long time within a certain scope, will probably become acute under certain conditions, and will still probably lead to the overthrow of the party and

the subversion of the country. This is the objective reality independent of the subjective will and the good intentions of the people. Therefore, the people's democratic dictatorship must be upheld continuously and should never be relaxed for a single moment. As important departments to exercise dictatorship, public security departments have the functions of defending party leadership, safeguarding political power, striking enemies, protecting the people, punishing criminals, and serving the four modernizations. To strengthen the people's democratic dictatorship, we must strengthen public security work. We should comprehensively strengthen public security work; deal stern blows to counterrevolutionary crimes and various kinds of serious criminal and economic crimes; smash hostile forces and various political schemes of hostile elements in a timely manner; and strive to safeguard political stability and make public security and social order stable. At present, we should give top priority to investigation work. Adhering to the spirit of thoroughly exterminating evil, we should resolutely ferret out all people who plotted, organized, and commanded turmoils and rebellion behind the scenes; all leaders and key members of illegal organizations; and all serious criminal offenders guilty of smashing, grabbing, arson, and killing. Among them, those who should be arrested must be arrested and brought to justice as quickly as possible and must be seriously punished according to law in a timely manner without leaving any future trouble.

With regard to the adherence to the principle of strict administration over the police and referring to strengthening the building of the ranks of public security cadres and policemen, Comrade He Zhukang pointed out: Generally speaking, the province's ranks of public security cadres and policemen are good, combat-worthy, reliable, and qualified; and the province's public security organs have scored achievements in building their ranks. However, it must be noted that the quality of the ranks of public security cadres and policemen still needs enhancement. Therefore, leading comrades of public security organs at all levels should firmly implement the principle of strict administration over the police, should give priority to and exert still more energies in building the ranks of public security cadres and policemen, and should pay attention to rectifying public security organs and improving administrative honesty. These leading comrades should also educate each and every public security cadre or policeman to regard the purpose of wholeheartedly serving the people as his sense of value and his standard of professional morality so that he can truly attain the goal of strictly enforcing laws and honestly performing his official duty. All public security cadres and policemen that indulge in various kinds of corruption must be seriously investigated and dealt with, no matter who they are, to preserve the purity of the ranks of public security cadres and policemen. Those who are proven unequal to public security work should be firmly transferred out, and pertinent departments should give coordination and support to this work.

Comrade He Zhukang emphatically pointed out: From now on, the party should further strengthen leadership over public security work; and public security organs should firmly obey party leadership and report in a timely manner the major issues to party committees and governments, just as they did in the past, so as to consciously submit public security work to the leadership of the party.

Jilin Makes 2d-Half Propaganda Arrangements
*SK1808124989 Changchun Jilin Provincial Service
in Mandarin 2100 GMT 8 Aug 89*

[Text] The provincial conference sponsored by the provincial party committee on propaganda work opened in the city of Changchun on 8 August. Major items on the conference's agenda are to discuss the issues of studying and implementing the spirit of the 4th Plenary Session of the 13th CPC Central Committee; relaying and implementing the spirit of the national conference of propaganda department directors, the circular of the CPC Central Committee on enhancing the work of propaganda and ideology, and the spirit of the 3d enlarged session of the 5th provincial party committee; and studying and making arrangements for the work of propaganda and ideology in the 2d half this year.

Attending the conference were Gu Changchun, deputy secretary of the provincial party committee, and Ren Junjie, secretary general of the provincial party committee.

During the conference on the afternoon of 8 August, Comrade Hu Houjun, director of the Propaganda Department under the provincial party committee, delivered a speech in which he relayed the spirit of the national conference of propaganda department directors and put forward opinions on implementing the spirit and work arrangements for the second half of this year.

In his speech he stated: Currently, major tasks for the work of propaganda and ideology are to adopt effective measures to study and publicize the spirit of the 4th Plenary Session of the 13th CPC Central Committee and the important speeches of Comrade Deng Xiaoping, to unify the thinking of the people throughout the province and the country, to deeply conduct education on upholding the four cardinal principles and on upholding the two basic points of conducting reform and opening to the outside world. At present, efforts should be made to particularly oppose bourgeois liberalization by taking a clear-cut stand and to strengthen the positive efficacy of the four cardinal principles. The current pressing task is to straighten out again the confused ideological and theoretical problems caused by bourgeois liberalization over the past 4,000 years. Efforts should be made to carry out radical reform so as to provide a good environment of public opinion and scientific and theoretical knowledge for conducting reform; opening to the outside world; improving the economic environment; rectifying economic order; carrying

out economic construction; and fulfilling the programs of building party organizations, the spiritual civilization, and democracy and legal systems.

In his speech, Comrade Hu Houjun also clearly put forward the following three tasks for the work of propaganda and ideology, which should be well fulfilled in the second half of this year:

1. We should deeply carry out the activities of study, propaganda, and education, which are aimed at further stabilizing the situation and opposing bourgeois liberalization.

2. We should resolutely and adequately rectify the fronts of propaganda and mass media.

3. We should actively enhance the propaganda work of mass media and deeply carry out the activities of building the spiritual civilization.

In referring to the work undertaken by the propaganda and ideological departments in his speech, Comrade Hu Houjun stated: Departments in charge of propaganda and ideological work should first set examples in studying the plenary session's spirit and deeply reflect how to implement the spirit. At present, the ideological puzzle, confusion, and chaos of comrades who are working for the ideological departments are more than those of general cadres and the masses. Therefore, the currently pressing tasks of the propaganda and ideological front are to study the plenary session's spirit, to reflect how to implement the spirit, to summarize the experience gained in the study, and to upgrade their ideological standard in line with the spirit. Comrades in the propaganda and ideological departments at all levels should heighten their spirit; seize the opportunity to work hard; and make new contributions to deeply implement the spirit of the 4th Plenary Session of the 13th CPC Central Committee, realistically opposing bourgeois liberalization, stabilizing the situation, developing the economy, deepening the reform drive, punishing corruption, enhancing the party building, building the spiritual civilization, and enhancing the building of democracy and legal systems.

Jilin Enhances Enterprise Discipline Inspection
*SK1808132689 Changchun Jilin Provincial Service
in Mandarin 2100 GMT 12 Aug 89*

[Text] After a 3-day session, the forum sponsored by the provincial Discipline Inspection Commission on the discipline inspection work undertaken by enterprises concluded in the city of Changchun on 12 August. The forum is aimed at implementing the spirit of the 4th Plenary Session of the 13th CPC Central Committee and studying the issue of how to enhance and improve the discipline inspection work of enterprises along with improving the economic environment, rectifying economic order, and deepening the reform drive.

During the forum, the participants, by bearing in mind the plant-director responsibility system, emphatically discussed the issues on the position, role, function, and work tasks and methods of the discipline inspection commissions under enterprises.

In concluding the forum, Le Deming, secretary of the provincial Discipline Inspection Commission, and Comrade (Zhao Yongji), deputy secretary of the provincial Discipline Inspection Commission, delivered speeches in which they stressed that the discipline inspection commissions of enterprises and comrades in charge of discipline inspection work among enterprises must seize the current favorable opportunity to heighten their spirit, to enhance their confidence, to reinforce their sense of political responsibility and urgency of work, to emphatically do a good job in checking up on cases, to know well and totally learn about the ideology and behavior of party members during the disturbance, to check and examine the manifestations of leading bodies in combating the disturbance, and to strictly deal with the party members who have violated the discipline. Meanwhile, by coping with some problems, efforts

should be made to conduct ideological education to safeguard the party's political discipline and to concentrate on investigating and dealing with the cases of embezzling money, accepting bribes, engaging in illegal business, seeking personal gain by taking advantage of power, neglecting duties, and indulging in extravagance and corruption; and to resolutely punish corruption. They also stressed that the discipline inspection commissions of enterprises and comrades in charge of the work in this regard should realistically perform their duties of conducting inner party discipline supervision, pay attention to bringing into play the role of having the masses and mass media conduct supervision, and enhance the supervision over all party members and particularly over the groups of party members and plant directors, which have signed contracts on business. Meanwhile, they should do a good job in carrying out self-improvement and except for conducting the day-to-day ideological and business construction, should emphatically engage in organizational construction at present to realize step by step the standardization of enterprise discipline inspection work and to strive to create a new situation in the enterprise discipline inspection work.

Premier Comments on Encouraging Mainland Reform
*OW1708190489 Taipei CNA in English 1538 GMT
17 Aug 89*

[Text] Taipei, Aug 17 (CNA)—Premier Li Huan told a group of foreign youth leaders Thursday that the Republic of China [ROC] is trying to encourage the China mainland to adopt reforms leading to freedom and democracy by spreading word of the ROC's successful experience on Taiwan around the mainland.

The premier made his remarks while addressing a tea party hosted in honor of over 170 young leaders from 39 countries in Taipei to attend the 1989 international youth culture and study tour to the ROC.

Li pointed out that the short-term goal of the ROC's development is to increase the well-being of the 20 million Chinese in the Taiwan area.

The middle-term goal is to help lead the 1.1 billion Chinese on the mainland to rid themselves of the communist tyranny and to establish a new China under a system of constitutional democracy, he added.

Premier Li said he believed the spread of the story of the ROC's success on Taiwan was one of the factors that stimulated the mainland's recent pro-democracy movement.

More than 2,000 foreign youth leaders have participated in the international culture and study tour to the ROC in the 22 years since the event began in 1968.

Premier Li Huan Urges Defense Strategy Changes
*OW1708030789 Taipei Domestic Service in Mandarin
2300 GMT 15 Aug 89*

[Text] During his inspection of the Ministry of National Defense, Premier Li Huan said: Following the normalization of relations between the Chinese Communists and the Soviet Union, to ensure the safety of the Taiwan Strait our Armed Forces should make the appropriate readjustments to their defense strategy in consideration of possible changes in the Chinese Communists' strategic disposition.

Lien Discusses 'Peaceful Competition' With PRC
*OW1808181289 Taipei CNA in English 1605 GMT
18 Aug 89*

[Text] Taipei, Aug 18 (CNA)—The Republic of China's [ROC] high status in the international community will help promote peaceful competition between the two sides of the Taiwan Straits, Foreign Minister Lien Chan said Friday.

Refuting Communist China's criticisms of the ROC's pragmatic diplomacy, Lien said peaceful competition will be good for China's reunification.

Talking to a group of mass media leaders, the minister pointed out that since last December, Communist China has launched a series of aggressive united front offensives against the ROC to defeat the latter's diplomatic efforts.

In response, Lien said, the ROC Government has reiterated its "one China" policy and adopted pragmatic strategies to expand the nation's foreign relations.

A major breakthrough was the establishment of official ties with Grenada, which resulted in Peking's severance of diplomatic relations with Grenada.

Lien denied that before Peking cut its Grenada ties, there had been so-called "dual recognition." "What does it mean? What does it refer to—there's no widely acceptable yardstick," he said.

He said as the nation's political and economic reforms have won international recognition, many countries have realized "our real strength."

Realistic calculations make other nations think that the ROC should play a greater role in the international community. They now want to strengthen exchanges with the country on the basis of reciprocity, he noted.

The ROC's pragmatic moves have further narrowed the distances between the country and many major countries, he added.

In spite of Communist China's adamant attempts to minimize and isolate the ROC, "we are very optimistic that we will be an active member" of a "wide and open international community," Lien said.

He said the ROC currently maintains official ties with 248 countries across the world; the government will "consolidate" these formal relations.

The country will strive to build semi-official and then fully official ties with the more than 120 nations with whom "we now have substantive ties," he pointed out.

In addition, he said, the country will continue to participate in activities sponsored by international organizations. The ROC at present is a member of 10 inter-governmental and 737 civilian-level bodies.

As to the country's key ties with the United States, Lien said that "we are basically optimistic" about the relations which he believes will "continue to improve steadily."

He said the U.S. has repeatedly emphasized that it will not act as an intermediary between both sides of the Taiwan Straits, and that it will provide the ROC with necessary defensive weapons.

He expressed the hope that Japan would "consider" taking one step further in its relations with the country by "legislating a domestic law" which will enhance the current "substantive" ties between the two countries.

Task Force Rules on Mainland Business Ties
OW2008185289 Taipei Domestic Service in Mandarin
2300 GMT 14 Aug 89

[From the "National Hookup" program]

[Text] The Executive Yuan's mainland task force has decided today that private citizens, corporations, mass organizations, and financial institutions in the Taiwan region should not engage in trading or commercial activities nor maintain direct businesses with the mainland. The task force further decided that any violator will be given a prison or compulsory labor term of up to 3 years, or a fine of up to 1 million new Taiwan dollars.

Company To Ignore PRC Proposal on Oil Project
OW1908172089 Taipei CNA in English
1457 GMT 19 Aug 89

[Text] Taipei, Aug. 19 (CNA)—The Chinese Petroleum Corp., the Republic of China's state-run oil company, has never considered cooperating with Communist Chinese authorities to prospect for oil in the Taiwan Straits, a CPC spokesman said Saturday.

The Communist Chinese press reported recently that there might be rich oil deposits in the western part of the Taiwan Straits and that Peking authorities were planning to begin oil exploration in the region next year.

Analysts in Taipei believe that the communist authorities are likely to propose joint oil exploration to the Republic of China's state-run oil company.

The CPC spokesman said that Peking's representatives had already approached CPC's overseas personnel several times to seek Taiwan capital and technology for a joint oil exploration project between the two sides of the Taiwan Straits.

"The so-called cooperation is only a pretext for a politically motivated united front trick. We will ignore their proposal as we have always done so," the spokesman said.

Senator Mack Arrives for 2-Day Visit

Itinerary Outlined
OW2008174789 Taipei CNA in English
1424 GMT 20 Aug 89

[Text] Taipei, Aug. 20 (CNA)—U.S. Sen. Connie Mack (R-Fla) and Mrs. Priscilla Mack arrived in Taipei Sunday for a two-day visit.

During their stay here, Sen. and Mrs. Mack will call on Premier Li Huan, Foreign Minister Lien Chan; Sheu Ke-sheng, director general of the Board of Foreign Trade; and David Dean, director of the American Institute in Taiwan.

They will also visit the cultural and economic institutions of the Republic of China, and are scheduled to depart Monday.

Meets With President Li
OW2108130289 Taipei CNA in English
1123 GMT 21 Aug 89

[Text] Taipei, Aug. 21 (CNA)—President Li Teng-hui received U.S. Senator Connie Mack and Mrs. Priscilla Mack Monday at the presidential office.

During the meeting, President Li exchanged views with the visiting U.S. dignitaries on a wide range of topics including current international situation, ROC [Republic of China]-U.S. trade relations, mainland situation, and Hong Kong problem after the Chinese communist takeover in 1997.

Also present at the meeting were Secretary General to the President Li Yuan-tzu, Vice Foreign Minister John Chang and David Dean, director of the Taipei Office of American Institute in Taiwan.

Trade Surplus With U.S. To Be Reduced
OW1808174389 Taipei CNA in English 1535 GMT
18 Aug 89

[Text] Taipei, Aug. 18 (CNA)—The government of the Republic of China [ROC] will strengthen its 'Buy American' efforts, expand imports from the United States and increase U.S. bidding prospects on national construction projects to help reduce the ROC's trade surplus with the United States, Vincent C. Siew, spokesman for the cabinet ad hoc ROC-U.S. Trade Committee, said Friday.

Siew said he was worried that anticipated improvements in the trade imbalance between the two countries had not materialized as expected this year. According to the government's plan to strengthen economic and trade relations with the United States, the ROC will reduce its trade surplus with the United States by 10 percent annually.

According to official statistics, the ROC enjoyed a \$6.89 billion trade surplus with the United States during the January-July period, an annual growth of 32.1 percent, Siew said.

He attributed the increase mainly to drastically falling imports of gold from the United States. If the gold imports are not considered, the trade surplus would not have increased, he noted.

He said, however, that it was unhealthy for the nation to maintain a huge trade surplus with the United States and suffer a huge trade deficit with Japan.

Prospects Develop for Eastern Bloc Trade

*OW2108050689 Taipei CNA in English
0231 GMT 21 Aug 89*

[Text] Taipei, Aug. 21 (CNA)—Prospects for developing trade relations with the Soviet Union and Eastern European countries are good, and emphasis should be placed on developing technical cooperation and investment, a high ranking trade official said Sunday.

Chiang Pin-kung, vice economics minister responsible for international trade, said that the focus of the nation's policy in establishing economic and trade relations with the Soviet Union was not on doing business only. The Russians seem to be interested in technical cooperation with and investment from the ROC, he said.

Chiang said that he believed there are rooms for improvement with the Soviet Union in the fields of technical cooperation and investment.

Commenting on the Republic of China trade mission organized by the Taiwan Importers and Exporters Association and now touring Soviet Siberia, the vice minister said that the mission will certainly bring back new trade horizons which will be helpful in further promoting trade relations with Eastern European countries.

Chiang also explained that the government of the Republic of China will stick to its policy of indirect trade with the Soviet Union, but the indirect trade is different from that with the Chinese Communists on the China mainland.

The difference is that, Chiang said, only 95 primary agricultural products and industrial raw materials can be imported indirectly from the China mainland, while there will not be any limitations in the trade with the Russians.

Officials Consider Saudi Trade Office Suggestion

*OW1708190189 Taipei CNA in English 1532 GMT
17 Aug 89*

[Text] Taipei, Aug. 17 (CNA)—Saudi Arabia suggested recently that the Republic of China [ROC] establish a trade office in the Arabian Gulf city of Dhahran to further promote bilateral economic and trade relations between the two countries, a senior official of the Economics Ministry disclosed Thursday.

Vice Economics Minister Chiang Pin-kung said that with Taipei-Riyadh economic ties developing quickly, the government was considering acting on the suggestion to open a trade office in the Arabian kingdom.

Chiang added that in order to further promote trade in the Middle East, his ministry would participate actively in regional trade fairs and organize more trade missions to Saudi Arabia.

With Saudis demanding mostly quality imported goods, Chiang urged local traders to strengthen competitiveness by paying more attention to quality than low prices.

According to January-July customs statistics, two-way trade was largely in Saudi favor with ROC exports to the kingdom reaching 345 million U.S. dollars and imports 818.8 million U.S. dollars.

Paraguayan President Invited To Visit

*OW1808143589 Taipei Domestic Service in Mandarin
2300 GMT 9 Aug 89*

[Text] King Shu-chi, administrative vice minister of the Ministry of Foreign Affairs, and Wang Sheng, ambassador of the Republic of China [ROC] to Paraguay, submitted a formal letter on behalf of President Li Teng-hui to Rodriguez, president of Paraguay, on 9 August, inviting the latter to visit the ROC. President Rodriguez accepted the invitation with pleasure and said that he would visit the ROC at an appropriate time next year.

Administrative Vice Minister King Shu-chi was in Paraguay to preside over a meeting of the ROC ambassadors to South American countries during the past 2 days. Administrative Vice Minister King and the 11 ambassadors and representatives of the 8 ROC missions in South America were received by President Rodriguez on 9 August. Later, President Rodriguez held a 70-minute talk with Administrative Vice Minister King and Ambassador Wang Sheng.

Trade Continues Growth; Side-effects Considered

*OW1708202989 Taipei CNA in English 1524 GMT
17 Aug 89*

[Text] Taipei, Aug 17 (CNA)—The Republic of China's [ROC] foreign trade is maintaining its steady growth, and the nation's trade surplus as of August 12 totaled \$8.82 billion, an increase of 48.4 percent over 1988.

An official of the Ministry of Economic Affairs said that the growing trade surplus would increase pressure on the money supply and have an adverse impact on commodity prices.

He hoped that the government's recent announcement of further tariff cuts on more than 4,000 items would help expand imports and thus help cut the trade surplus, the money supply and inflationary pressure.

The official said that the ROC's foreign trade performance was better than South Korea's this year.

According to statistics, ROC foreign trade totaled \$69.074 billion during the January-July period, with exports amounting to \$38.509 billion.

During the same period, South Korea's foreign trade amounted to \$68.668 billion, with exports totaling \$34.41 billion.

The setback in South Korea's exports was attributed mainly to the appreciation of the Korean won and labor-management disputes. The example of South Korea should serve as a warning to the ROC, the official said.

Industrial Production Grows in Jan-Jul
OW1908195089 Taipei CNA in English
0235 GMT 19 Aug 89

[Text] Taipei, Aug. 19 (CNA)—The Republic of China's industrial production continued to grow in the first half of 1989 with its manufacturing structure showing definite improvements, the Council for Economic Planning and Development said Friday.

The Council, in a periodic assessment of the nation's economic development, noted that industrial output during the first six months of 1989 increased 5.4 percent over last year.

The output of labor-intensive light industry grew only 1.8 percent while heavy industry grew 8.4 percent, apparently resulting from improvements in the nation's manufacturing structure, the report said.

Fastest Chinese Character Computer Developed
OW2108050489 Taipei CNA in English
0236 GMT 21 Aug 89

[Text] Taipei, Aug. 21 (CNA)—The world's fastest Chinese-character computer system has been successfully developed by a group of Chinese scientists in Taiwan, it was announced Sunday.

Chow Yi-chang, director of basic science and technological research at the Research Institute of Telecommunications of the Communications Ministry, said that the newly-developed technology has obtained a patent from the United States and will be transferred to local enterprises at the end of the year.

The system will be able to identify over 400 Chinese characters a minute. It can distinguish more than 5,000 characters commonly used in different styles and its capacity could be boosted to 16,000 characters later on. With this system, Chow said, if the National Central Library wants to computerize its books and documents, the job can be completed within a year while manual processing would need 20 years.

Hong Kong

Beijing Reacts to Wiggham's Remarks on Basic Law

Spokesman Comments on 'Interference'

OW2008010689 Beijing Domestic Service in Mandarin
2130 GMT 19 Aug 89

[From the "News and Press Review" program]

[Text] A spokesman for the Chinese Ministry of Foreign Affairs pointed out yesterday that certain British officials' recent wanton intervention in the drafting of the Basic Law of the Hong Kong Special Administrative Region constituted an interference in China's internal affairs and it is unfavorable for Hong Kong's stability and prosperity.

The spokesman made the comment in connection with the recent remarks made by Wiggham, general director of the British Government in Hong Kong, concerning the Hong Kong Basic Law.

The spokesman said: Everyone knows that the drafting and formulation of the PRC Hong Kong Special Administrative Region Basic Law are something within the scope of Chinese sovereignty, in which no foreign country may interfere. Recently, some British Government officials, including the general director of the British Government in Hong Kong, brazenly criticized and wantonly interfered in the drafting of the Basic Law and they even violated the provisions prescribed in the Sino-British Joint Declaration by coming up with the preposterous proposal that no Chinese troops should be stationed in Hong Kong.

The spokesman said: Such conduct by the British side has totally gone against the essence and spirit of the Sino-British Joint Declaration. It interfered in China's internal affairs and is unfavorable for Hong Kong's stability and prosperity. The Chinese Government hopes that the British side will consider the importance of Sino-British friendship and cooperation as well as Hong Kong's long-term prosperity and stability, earnestly and seriously implement the Sino-British joint declaration, and immediately stop mistakes as mentioned above.

Article Denounces Speech

HK1908071089 Beijing RENMIN RIBAO OVERSEAS
EDITION in Chinese 18 Aug 89 p 5

[XINHUA report: "Hong Kong Official Openly Interferes in Drafting of Basic Law"]

[Text] Hong Kong, 16 Aug (XINHUA)—On a certain public occasion on the 14th, Hong Kong's Secretary for General Duties Wiggham openly interfered in the drafting of the Basic Law by delivering a speech entitled "Picking Up the Pieces," thus arousing great concern among the media here. Some newspapers have pointed

out that Wiggham has done something "in violation of elementary diplomatic protocol [wei fan le qi ma de wai jiao chang shi 6672 0646 0055 6386 4316 4104 1120 0074 1603 6221]."

The "(Draft) Basic Law for Solicitation of Opinions" was published in Hong Kong on 28 April 1988. On the afternoon of the day it was published, the Hong Kong Government issued a statement on the promulgation of the "(Draft) Basic Law for the Solicitation of Opinions." A spokesman said: "The drafting of the Basic Law is a matter for the Chinese Government."

However, Wiggham, who is a senior Hong Kong Government official, has openly and almost thoroughly examined and analyzed the Basic Law. Hong Kong's EXPRESS NEWS frontpaged the news and provided the following headline in boldface: "Wiggham Ruthlessly Questions the Five Major Loopholes in the Basic Law."

SING TAO JIH PAO said: Wiggham, who is in charge of affairs concerning Hong Kong's transitional period, has recently "raised the most pointed questions ever from the British side concerning the Basic Law, thus triggering a 'diplomatic dispute.'"

In his speech, Wiggham put forward some fundamentally significant views. Mainly, they are as follows: That the promulgation of the Basic Law should be deferred; that there is no need to station PLA units in Hong Kong in normal times; that some articles and provisions in the Basic Law are "at variance with the existing system;" and that they do not "fully reflect the relevant provisions in the joint declaration."

Today, a signed commentary in WEN WEI PO says: "Since the formulation of the Basic Law, the consultations on it and its promulgation are Chinese business, Wiggham, as a senior Hong Kong Government official, does not have a single reason to openly express his opinions on all this. If there is indeed something that he must say, he should say it through diplomatic channels. Wiggham's way of doing things is like 'playing cards in violation of the rules' and is in violation of elementary diplomatic protocol."

The commentary points out: "The drafting of the Basic Law is a task for the Chinese to fulfill in implementing the joint declaration. Since the drafting of the Basic Law began, 4 years has passed and none of the senior officials in the British Government has criticized the Basic Law as being in conflict with the 'joint declaration.' The Hong Kong Government is just a government subordinate to the British Government. How can one of its officials criticize the Basic Law like this. The Hong Kong Government's duty is to maintain Hong Kong's prosperity and stability during the transitional period. The normal development of Sino-British relations is an important condition guaranteeing a stable transitional period for

Hong Kong. Attempts to provoke people and to damage Sino-British relations can benefit neither the present nor the future of Hong Kong. This is just common sense."

A signed article in today's TA KUNG PAO says: "The drafting of the Basic Law of the Hong Kong Special Administrative Region is completely Chinese business. The Chinese Government has done much work regarding this."

PRC Law Drafters Defer Hong Kong Trip

HK1808020189 Hong Kong SOUTH CHINA
MORNING POST in English 18 Aug 89 pp 1, 2

[By Chris Yeung]

[Text] Leading mainland Basic Law drafters, including chairman Ji Pengfei, said they do not plan to visit Hong Kong to collect local views on the draft because Hong Kong people neither believe nor respect what they say.

They said they would only consider talking directly to people in the territory over the Basic Law draft when there are "bases and conditions for exchanging views such as mutual trust and mutual respect" between Hong Kong people and Chinese officials.

Their views were expressed during a meeting with a nine-member delegation of the Basic Law Consultative Committee's (BLCC) executive body during a two-day trip which ended yesterday.

The talk is the first detailed exchange of views between the BLCC and mainland officials over the mini-constitution after the June 4 massacre.

Two scheduled visits of mainland drafters in May and June, one of which is headed by Mr Ji—director of the State Council's Hong Kong and Macao Affairs Office—have been cancelled because of political unrest in China.

Although the consultation period, which expired at the end of this month, has been extended for another three months, there has been strong demand for visits of mainland drafters here and for delaying the promulgation date of the Basic Law until at least 1991.

Speaking at Kai Tak last night, secretary-general Leung Chun-ying said the delegates had relayed local aspirations over the current and final round of consultation to mainland drafters.

These included the delay of the promulgation date, the visits of mainland drafters and controversial issues such as the stationing of People's Liberation Army (PLA) troops in post-1997 Hong Kong.

Mr Leung said: "Mainland drafters believe any exchange of views can only be made when both sides are willing to listen to each other. There must be mutual respect and mutual trust."

"They, the mainland drafters, think their views over the Basic Law as expressed during our talks might not be what Hong Kong people want to hear. Should that be the case, any exchange of views becomes meaningless.

"I think they believe what they say when they are in Hong Kong will not be respected and trusted by Hong Kong people," Mr Leung said.

It is learned that mainland officials have expressed "shock" over the public out-cry over the pro-democracy movement in Beijing between April and June.

Some expressed dismay over slogans such as "puppet government" chanted by local protesters against the Chinese authorities during the rally which they said had hurt the dignity of the Chinese Government, it is learned.

Mr Leung said mainland drafters maintained local views towards the Chinese Government and the Basic Law after the Tiananmen Square incident have made it difficult for them to visit the territory to exchange and solicit opinions over the draft.

Mainland drafters also insist visits to the territory are just one of the ways to tap local views, he said, adding they welcomed people coming to Beijing to talk to them.

A vice-chairman, Miss Ko Siu-wah declined to comment on the fears of mainland drafters but added: "You probably understand what they meant".

Another member, Mr Stephen Cheong Kam-chuen said they have done their best to call for a delay of the promulgation date of the Basic Law but declined to comment on the rejection of their calls by drafters.

Mr Leung said mainland drafters maintained any delay would be of one year because the Chinese National People's Congress (NPC) full meeting only convenes annually.

Mainland legal experts have also looked into other possibilities such as having the final draft being promulgated by the NPC Standing Committee which meets more frequently, instead of its full session, he said.

But such arrangements would contravene the provisions of the Chinese Constitution and the Sino-British Joint Declaration, the mainland drafters were quoted as saying.

Another member, Dr Philip Kwok Chi-kuen said mainland drafters maintained they could meet more frequently to revise the draft after consultation ended and were confident that the final draft could be made on time.

Mr Cheong said: "The final power is vested with China. We're not a negotiation team. It's not appropriate for us to say whether the drafters have ignored local sentiments. You can judge yourselves.

He said mainland drafters have also maintained the stationing of the PLA troops was not a subject for negotiation because it has been clearly spelled out in the joint agreement.

The nine delegates included Mr Lo Tak-shing, Miss Veronica Wu Siu-ching, Mr Hu Fa-kuang, Mr Yuen Pak-yuen and Mr Lee Lin-sang. They have also met Mr Ji's two deputies, Mr Li Hou and Mr Lu Ping and key drafters, Mr Shao Tianren, Mr Wang Shuwen, Mr Wu Jianfan, Mr Xiao Weiyun, Mr Xu Chongde and Mr Yong Longgui.

UNHCR Criticized Over Vietnamese Refugees

OW1708064089 Beijing XINHUA in English
1412 GMT 16 Aug 89

[Text] Hong Kong, August 16 (XINHUA)—The Hong Kong Government has criticized the United Nations High Commissioner for Refugees (UNHCR) for failing to reimburse more than 100 million H.K. dollars for the upkeep of Vietnamese refugees and boat people in Hong Kong, a local paper reported here today.

The paper quoted a government spokesman as saying that the UNHCR owes Hong Kong about 50 million H.K. dollars in arrears and the figure will exceed 100 million H.K. dollars by the end of this year if the High Commissioners Office fails to make any reimbursement.

According to an agreement signed between the Hong Kong Government and the UNHCR last September, the report said, the UNHCR should reimburse all costs of water, food preparation, relief items, medical services, electricity in the refugee camps and boat people detention centers in Hong Kong.

Since 1979 the Hong Kong Government has spent more than 1.4 billion H.K. dollars on the Vietnamese refugees and boat people. Its expenditures in 1989 alone amounted to 516 million H.K. dollars.

It was also reported that the UNHCR recently handed a report to the Hong Kong Government urging it to improve food and living environment in the refugee camps and boat people detention centers.

Tycoon Enlists Local Support for UN Base

HK1608032589 Hong Kong HONGKONG STANDARD
in English 16 Aug 89 p 3

[By Phil MacDonald and Florence Pang]

[Text] Macao casino and real estate tycoon, Mr Stanley Ho, has enlisted the support of over 20 prominent businesses, academics, politicians and organizations in his quest for a United Nations base in Hong Kong.

Along with Mr Ho, these groups and individuals intend to drum up support within the UN and its member countries, and within Hong Kong itself for a "Switzerland in the East".

The idea stems from a dream Mr Ho had three weeks ago in which he dreamt the territory would be leased to the UN for 100 years. It has since been modified to a base in Hong Kong.

Speaking at a press conference yesterday to introduce his team, Mr Ho said a UN base would cost Hong Kong about \$6 billion. The bulk of this could be shared between the Chinese, Hong Kong and British Governments.

The rest could come from donations, of which Mr Ho is prepared to make up a sizable proportion.

He said it was far too early to say where the headquarters would be, although HMS Tamar was mentioned at the press conference.

Once support has been won, Mr Ho will push for it to be put on the agenda for the Sino-British Joint Liaison Group.

The wheels have already been set in action, according to one of Mr Ho's supporters, businessman and Hong Kong 3000 Foundation chairman, Mr Cliff Reece.

Mr Reece said the group had written to Commonwealth heads of state about the idea.

Mr Ho said they would be waiting for the news of his "dream" to filter through to Beijing before UN diplomats were approached.

Trade Groups Seek Increased Business With USSR

HK2108021389 Hong Kong SOUTH CHINA MORNING
POST (BUSINESS POST) in English 21 Aug 89 pp 1, 3

[By Richard Roy]

[Text] The Trade Development Council (TDC) and the Hong Kong General Chamber of Commerce (GCC) both plan promotional drives this year to boost Hong Kong-Soviet trade and in the first of these, next month, will use a China base for it.

The TDC makes no bones about the fact that it has Soviet buyers very much in mind when it opens its Hong Kong-Heilongjiang Trade Fair in Harbin on September 11.

The GCC, with TDC input, will send a trade mission to Moscow early in October and the TDC itself will lead a multi-product promotion at Consumexpo in the Soviet capital in January.

For the Heilongjiang trade thrust, 11 Hong Kong manufacturers of products ranging from photocopying machines to cameras and kitchen utensils will present them over three days in a bid to take advantage of the northeastern province's mandate from Beijing to operate what are called "border trade units".

These units, also known as foreign trade corporations (FTCs), have the right to undertake cross-border trade with the Soviet Union.

By last month, China and the Soviet Union had signed 159 contracts and agreements, involving a total investment of nearly U.S.\$60 million, on co-operation in areas as diverse as project contracting, lumbering, railway transport, ship repair and maintenance, and vegetable cultivation.

Traditionally, but not exclusively Sino-Soviet trade is barter, which China as a policy declines to engage in with non-Comecon countries. Throughout the transaction process, foreign exchange is usually not involved, says the TDC.

All values are recorded in Swiss francs, deemed a neutral and stable currency, and are reckoned only for book-keeping purposes.

When negotiating a trade agreement, the two sides quote "prices" in Swiss francs. If one side sells less than the specified amount, it is supported to credit the other side's account with value of the shortfall in Swiss francs.

Heilongjiang itself is exporting more than 3,000 commodities to the Soviet Union.

These include light industrial products, machines, electrical equipment, meters, tools and building materials supplementing the traditional farm produce exports, still 50 percent of all shipments.

Total border trade volume last year was U.S.\$135 million—half of all China's Soviet border trade.

That was 470 percent up on 1987's volume and in the first five months of this year, Heilongjiang's border trade was already U.S.\$120 million.

It is sectors of that trade which Hong Kong is after.

The major products Heilongjiang exports to the Soviets are shoes, particularly jogging shoes, as well as hats, vacuum flasks, fishing rods and hunting equipment, audio cassette recorders, video cassette recorders, video tapes, colour TVs, walkmans and other audio equipment, electronic watches and clocks, calculators, electronic toys and stationery.

It almost exactly parallels Hong Kong's major production inventory.

But garments and textiles, too, have been a significant component, forming 10 percent of Heilongjiang's Soviet-bound shipments.

It is finding Soviet buyers for mink and fur coats, hats and gloves, down jackets, children's wear, cotton dresses, angora pullovers, sweaters, stone-washed denim jeans and jackets, towels bed sheets and napkins.

Among machinery categories Heilongjiang is exporting in which Hong Kong could have a piece of the action are photocopiers, medical equipment, plastic injection moulders and basic (16-bit and below) [capacity as published] computers.

On the Soviet side, since April this year, Moscow has empowered as many as 40,000 trading concerns to do business with Western concerns for the first time.

Only 200 Soviet entities could previously do that.

For the Hong Kong businessman, it is possible to engage in direct cash-on-delivery trade with the Soviets, although TDC experts, among them its chief European representative Simon Italiaander, say it is difficult to locate a buyer with ready foreign exchange.

As most Hong Kong businessmen are new to the Soviet market, one way to locate the hard currency holders is to take part in trade fairs organised by the border trade FTCs.

A trade fair organised by the Heilongjiang provincial government in February attracted 76 Soviet delegations. Total contracts in trade signed at the fair amounted to more than 170 million Swiss francs.

Although the majority of transactions was barter trade, a considerable amount was to be paid by hard currency.

Business is sometimes done in the form of indirect dealing. Products which are in high demand but with no local supplements, such as medical equipment, can be bought for resale to the Soviets by the Chinese FTCs.

Barter trade, says the TDC, could be conducted by Hong Kong companies with diversified business links in China.

Products needed by the Soviets, such as electronic articles, might be sold in exchange for watch movements—the Soviet Union is the world's third largest producer of them—which could then be further processed or assembled in China for export.

One Hong Kong-financed joint venture company in Fujian exported clothing through Heilongjiang FTCs to the Soviets and bought back detergent powder for sale in China.

Another viable alternative, suggests the TDC, could be compensation trade, or forming joint ventures with Heilongjiang FTCs for exports to the Soviet market.

One compensation trade project for producing video-trades was set up by a Hong Kong-based company in Heilongjiang with part of the production aimed at the Soviet market.

A potential channel for Hong Kong products is also offered by department stores sited in Sino-Soviet border cities.

To speed up Heilongjiang's cross-border trade, Harbin harbour on the Songhua River, the province's largest inland transport centre, resumed traffic to the Soviet Union last month to try and take the pressure off the bottleneck port cities of Suifenhe and Heihe.

Jiamusi and Fujin harbours have also been opened to Soviet vessels and in return, Moscow has opened the river ports of Khabarovsk, Komsomolskaya-Amur and Boyakov to China.

The TDC and the GCC conceivably might find themselves under peculiar cautionary, or at worst discouraging, pressure from, of all sources, the Hong Kong Government over its Soviet trade drive.

The notorious "keep Beijing happy at all costs" element within the territory's administration still seems prone to read China signals which might not be there and might let it be known in one way or another to the GCC and the TDC that a boom in Hong Kong-Soviet trade could somehow be "provocative" to China.

Trade sources confirm there have been mutterings from the government's "China experts" that they'd prefer a "low profile".

Doubtless there do exist elements in the China bureaucracy, the central planning fraternity, who would see, and perhaps convey to Hong Kong government officials, a situation of Hong Kong businessmen "running away" with Soviet trade at China's expense.

The implication of China feeling slighted and snubbed would probably be a corollary.

On the GCC's Moscow mission, the chamber's assistant director for trade, Ernest Long, said in May "we sought their (the government's) advice and there was no objection".

Cataclysmic events in China have since taken place which may have changed that.

Both the TDC and the GCC cannot dismiss outright what the government is reportedly putting across as "friendly advice".

The trade bodies know China, and the laws of sane economics, very well—well enough to know that Hong Kong's participation in direct Soviet trade can only enhance China's own growing segment of it.

Low profiles to appease central planners are hardly the issue.

Argentina Lifts Trade Restrictions

OW1808012389 Beijing XINHUA in English
1402 GMT 17 Aug 89

[Text] Hong Kong, August 17 (XINHUA)—A spokesman for the Hong Kong Trade Department confirmed here today that restrictions on goods imported from Hong Kong into Argentina had been lifted.

This follows a recent decision by the Argentine Government to lift the restrictions on imports from Britain and its dependent territories.

The restrictions were introduced by Argentina following the events in the Falkland Islands (Malvinas Islands) in 1982.

The spokesman said the Argentine Government's decision also ended restrictions on the financing of Argentine exports destined for Britain and its dependent territories.

"Consequently, with immediate effect, trade between Hong Kong and Argentina will receive from the Argentine Government the same general treatment authorized for that with other trading partners," he said.

The spokesman said: "It is hoped that the removal of the restrictions by the Argentine Government will have a positive effect on trade between the two places."

Hong Kong's total two-way trade with Argentina was valued at 648 million H.K. dollars (83.08 million U.S. dollars) in 1988.

Exports to ASEAN Countries Increase

OW1708063989 Beijing XINHUA in English
1025 GMT 16 Aug 89

[Text] Hong Kong, August 16 (XINHUA)—Hong Kong's exports to the ASEAN (Association of the South-east Asian Nations) countries have registered encouraging growth, according to the Hong Kong Trade Development Council (TDC).

Following a 35 percent and 28 percent of growth respectively to Singapore and ASEAN in 1988, Hong Kong's domestic exports to them increased another 16 percent to 2.18 billion H.K. dollars (279.48 million U.S. dollars) and 20 percent to 4.65 billion H.K. dollars (596.15 million U.S. dollars) respectively in the first five months of this year.

Organized by the TDC and the Chinese Manufacturers' Association of Hong Kong, a delegation comprising 15 local manufacturers and exporters is staging a Hong Kong product exhibition at a trade and industry fair which opened in Singapore on August 14.

Hong Kong products on display at the fair range from food products, textiles and garments, toys, houseware and lighting, and decorative items to jewellery, electrical appliances and electronics.

This is part of the TDC's efforts to assist Hong Kong businessmen in exploring Singapore and other ASEAN markets, where the rising living standards and an expanding economy have changed the region from merely suppliers into major importers, a TDC spokesman said.

Commentary Views Investment and Credit Recovery
HK1608071889 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0650 GMT 11 Aug 89

[Commentary: "Industrial and Commercial Investment and Credit in Hong Kong Flourish Again"—ZHONGGUO TONGXUN SHE headline]

[Text] Hong Kong, 11 Aug (ZHONGGUO TONGXUN SHE)—Credit required by Hong Kong's industrial and commercial investment has become active over the past two to three weeks. Undoubtedly, this is good news for the slow economic growth.

The loans for commercial equipment granted by the banks have increased remarkably compared with three months ago. This shows that the prospects for Hong Kong's commerce are not so pessimistic as predicted earlier. Investment required for all kinds of office equipment and computers has increased drastically. Actually, this tendency has remained unchanged and the recent situation has become more optimistic.

Even when the imports of all kinds of capital goods was reduced in May, investment in commerce exceeded that in industry, transport, and the building trade. The following is a most typical example: The value of office equipment imported in May increased by 11.9 percent over the same period last year. Although the percentage is lower than the average of the first months of this year, it is higher than that in other trades which showed either a low growth or a negative growth.

Here are the following main reasons for the pressing demand for commercial investment: First, although the world's economy has slowed down, industry and commerce should find a way out. The regional economic growth in Asia and the potential market have attracted large numbers of European and American businessmen. Because of Hong Kong's advantages in trade, exhibition communications, and financial services, European and American businessmen have set up offices here one after another. The number of foreign-funded companies set up in Hong Kong in the first half of this year has increased remarkably.

Second, because of the Beijing incident which took place earlier, industrial and commercial investors from abroad have taken a prudent attitude toward their businesses on the mainland. However, they do not want to give up the

mainland market. Hence, they have come to Hong Kong to collect first hand information. Moreover, the expenses for setting up offices in Hong Kong may be cheaper than the amount spent in a number of Chinese cities.

With the support of foreign businessmen's interest in continuing their trade in Hong Kong, local businessmen have to increase their investment. Following the Beijing incident, the drop in office rent has been lower in general compared with other premises. Regarding the commercial premises, the number of vacant shops have increased because of the declining consumption.

Credit required for industrial investment has also recovered. It should be noted that investment and reinvestment activities are likely to resume in the textile industry. Take May for example, the volume of imported textile machines was less than HK\$50,000, which indicates that business is slack in this trade. However, the situation improved somewhat over the past three weeks.

In fact, Hong Kong's industrial investment in the first half of the year has been good on the whole. According to financial statistics, the seasonal growth of loans granted to the manufacturers by the end of June increased 8.6 percent or 35 percent over the same period last year, maintaining at the mid-upper level compared with other trades. It is necessary for Hong Kong to increase capital investment in industry. The increasing protectionism of the European and American market and pressure of competition from Taiwan and Korea have compelled Hong Kong businessmen to shift their labor-intensive industry northward, and to invest in capital-intensive industry in Hong Kong.

Macao

Students Said Arrested for Helping Fugitive
HK1708030189 Hong Kong HONGKONG STANDARD
in English 17 Aug 89 p 1

[By Tammy Tam in Hong Kong and Harald Bruning in Macao]

[Text] Twelve Hong Kong and three Macao students studying at Guangzhou's Jinan University have been arrested for trying to help a fugitive student leader to escape, a brother of one of the Macao students said yesterday.

The brother, who declined to be named, said an anonymous caller had informed the family of the arrests.

The Macao students were named as Chun Kwok-tung, 21, majoring in Chinese; Leung Chou-wa, 23, majoring in finance and Chan Tsak-wai, 29, majoring in medicine. The names of the Hong Kong students were not known.

Mr Chun Kwok-tung's brother said the anonymous call had come last Friday from inside Macao.

"The person claimed to be a member of a secret pro-democracy organisation," the brother said.

"He said that the 15 students were arrested in front of the main gate of Zhongshan University together with Mr Zheng Xuguang, a student of Beijing University of Aeronautics and Astronautics who is one of the wanted student leaders."

The Guangzhou municipal security bureau confirmed that Mr Zheng was arrested early this month in Guangzhou when trying to flee China.

"My brother left home on July 22 and we have lost contact with him since then," the brother said. "After receiving the phone call, my father discussed the matter with parents of the other two Macao students who were also said to have been arrested and they went to Guangzhou yesterday to check their whereabouts.

"My father came back today and the trip proved to be a fruitless one since no one from the school nor the public security authorities confirmed the arrest although the school promised to try to help."

He said family members had contacted the Macao Branch of the XINHUA News Agency and the pro-Beijing Macao Chinese Education Association which asked them to be patient and not make a fuss.

Officials at XINHUA'S Macao office, the Guangdong Foreign Affairs Office and Jinan University told THE HONGKONG STANDARD yesterday they knew nothing about the arrests.

The director of the Hong Kong Office of Jinan University, Mr Li Jucheng, said: "Leaders of the school will study Hong Kong reports first to learn more information and then contact authorities concerned."

Meanwhile XINHUA said yesterday police in Chengdu had seized some \$60,000 in funds raised by a pro-democracy student group and arrested a student for forwarding the money.

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